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RAILROAD COMMISSION

OF THE

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CALIFORNIA RAILROAD COMMISSION DECISIONS.

DECISION No. 12723.

IN THE MATTER OF THE APPLICATION OF SOUTHERN PACIFIC COMPANY FOR PERMISSION TO CONSTRUCT, MAINTAIN AND OPERATE AT GRADE, RAILROAD CROSSINGS IN THE CITY OF SAN JOSE, SANTA CLARA COUNTY, CALIFORNIA.

Application No. 1966.

Decided October 19, 1923.

STEAM RAILROAD—GRADE CROSSING—SEPARATION OF GRADES.—Rescinding its previous order for the construction of a subway carrying eighteen tracks of Southern Pacific Railroad over The Alameda, city of San Jose, the Commission ordered construction of a subway carrying but five tracks, and apportions the cost of the separation of grades in the following proportion: Southern Pacific Company, 62.5 per cent; city of San Jose, 18.75 per cent; State Highway Commission, 18.75 per cent. Permission is granted Southern Pacific Company to construct its tracks at grade across thirty-two streets in the city of San Jose. Original order for the protection of the San Carlos street crossing, by a human flagman, is amended to provide for a pair of gates.

Arthur Bowden, City Attorney, and *C. B. Goodwin*, City Manager, for City of San Jose.

J. E. Lyons and *Elmer Westlake*, for Southern Pacific Company.

Paul F. Fratessa and *Fabius T. Finch*, for California Highway Commission.

John Roll, Supervisor, and *Robert Chandler*, County Surveyor, for Board of Supervisors of Santa Clara County.

William F. James, for San Jose Railroads.

W. C. Bailey, for San Jose Chamber of Commerce.

F. R. Glubetick, for Fourth Street Improvement Club.

Marshall Madson, for California Packing Corporation.

Bohnett, Hill and Campbell, by *L. D. Bohnett*, for West Side Improvement Club and Market Street Improvement Company.

Dudley Wend, for East Side Improvement Club and North First Street Improvement Club.

Mrs. Jessie Williamson, for East Santa Clara Association.

H. G. Weeks and *A. G. Mott*, for the Commission.

SEAVEY, Commissioner.

SUPPLEMENTAL OPINION.

This matter is again before the Commission on petition of the city of San Jose to have the Commission's prior order, Decision No. 3351, dated May 20, 1916, construed and amended.

In Decision No. 3351, Southern Pacific Company was granted permission to install some thirty street grade crossings on a new main line which it proposed to construct in and near the city of San Jose, to replace an existing main line located along Fourth street, the franchise for which was to expire in 1918. Permission to cross The Alameda,

sometimes known as West Santa Clara street, was granted upon condition that the grades of the street and railroad be separated, substantially in accordance with the revised plans for grade separation, filed with the Commission by applicant or with the plans filed by the city of San Jose.

These plans are not alike but both provided a bridge of sufficient width, two hundred twenty-five feet, to carry eighteen tracks over The Alameda, which was to be depressed at the crossing. This width is also referred to as the length of barrel of the subway.

Petitioner asks that this decision be construed so that there shall be a definite plan for grade separation at The Alameda and, further, that this decision be amended so that the city be not required to bear more than an equitable proportion of the cost of grade separation of two tracks.

Further hearings were held in San Jose on June 6, 1923, and in San Francisco on June 27, 1923, and October 1, 1923.

None of the crossings authorized under this proceeding have been installed, nor has the city of San Jose granted applicant a franchise for its new line.

The principal issue before the Commission at this time has to do with determining the plan by which a separation of grades should be made of the Southern Pacific tracks across The Alameda and apportioning the cost thereof. It was also arranged that inasmuch as the order regarding the other thirty-four crossings covered in this proceeding was based upon conditions as they existed some seven years ago, a new study should be made at this time to determine whether or not there should be any modifications as to the order for the crossings of these public highways in the city of San Jose and in the county of Santa Clara.

Considering first the crossing of The Alameda, the city recites that the Commission's Decision No. 3351 required that the grades be separated substantially in accordance with the revised plans for grade separation filed by the applicant (applicant's Exhibit 3) or with plans filed by the city of San Jose (city of San Jose Exhibit 5), either of which plans provided for a barrel two hundred twenty-five feet long or sufficient to accommodate eighteen tracks, and contends that, since only two of these tracks are now installed, it would be inequitable to require the city to pay any portion of the increased expense, either for construction or property damage, due to providing trackage in addition to the two existing tracks. The city further contends that inasmuch as more than half of the total structure, as proposed, would be located west of the westerly city limits, the city should not be called upon to

pay 35 per cent of the cost of grade separation, as provided in the prior order. The city also claims that neither the plan submitted by the applicant (applicant's Exhibit 3), nor the plan submitted by the city (city of San Jose Exhibit 5), would meet existing conditions of traffic and present standards of subway construction and requests that a new plan of subway structure be substituted for those previously submitted.

The former subway designs with a barrel of two hundred twenty-five feet in length were based upon the construction of a new passenger station for San Jose just north of The Alameda, the station design being predicated upon San Fernando street remaining open across the railroad station grounds. After the city of San Jose had indicated that it would consider the closing of San Fernando street, Southern Pacific submitted a plan (applicant's Exhibit 11) showing only five tracks across The Alameda all of which can be carried on a subway barrel eighty-seven feet in length. Southern Pacific Company also prepared a plan (applicant's Exhibit 12) for subway design which, in its opinion, would be the most economical and feasible kind of structure to use. This plan is predicated upon raising the tracks five feet and provides for a deck girder support for the tracks carrying them over a fifty-foot clear roadway, the girders being supported on posts behind which two six-foot sidewalks are located. This plan is materially different from a plan submitted by the Commission's engineers, which provides for a through girder support for the tracks over two thirty-foot roadways and two eight-foot sidewalks, the two roadways being divided by a row of posts.

At the conclusion of the last hearing it was provided that the Southern Pacific furnish certain additional data. This has been done and for purposes of identification this data so furnished has been designated as follows:

(1) Copy of letter of October 13, 1923, from Mr. Kirkbride to Mr. Herrin analyzing the comparison of estimates prepared by Southern Pacific Company and the Commission's engineering department, respectively, has been designated as applicant's Supplemental Exhibit "A."

(2) Comparison of estimates—subway on Alameda, San Jose, based upon MWD 4318-1, before revision of October 7, 1923, has been designated as applicant's Supplemental Exhibit "B."

(3) Copy of letter of October 13, 1923, from Mr. Kirkbride to Mr. Herrin, giving summarized comparison of estimated costs of various subways, has been designated as applicant's Supplemental Exhibit "C."

(4) Blue print of subway drawing MWD 4409, sheet 1, accompanied by estimate of costs, has been designated as applicant's Supplemental Exhibit "D."

The Commission now has before it several general plans by which a subway could be constructed in this location. The estimates of cost, as given by the Southern Pacific, differ very materially for the same plans from the estimates given by the Commission's engineers. The following table briefly indicates the essential features of the various plans, together with estimates of cost:

TABLE I.

Designation of general plan	Roadways, number and width	Sidewalks, number and width	Type of railroad bridge	Number of tracks	Length of barrel in feet	Estimated cost, excluding damages	
						By Southern Pacific Co.	By Commission Eng. Dept.
Applicant's Exhibit 3	2-24 1/2 ft.	2-4 ft.	Deck girder	18	225	\$230,080	---
City of San Jose Exhibit 5	2-24 1/2 ft.	2-4 ft.	Deck girder	18	225	\$200,748	---
Commission's Exhibit 2	2-30 ft.	2-8 ft.	Through girder	2	33	214,892	\$140,200
Applicant's Exhibit 18	1-50 ft.	2-6 ft.	Deck girder	5	87	241,443	171,776
Applicant's Exhibit 16	1-50 ft.	2-6 ft.	Deck girder	2	33	---	128,650
Applicant's Exhibit 16	1-54 ft.	2-6 ft.	Deck girder	2	33	---	132,113
Applicant's Supplementary Exhibit D	1-54 ft.	2-6 ft.	Deck girder	5	87	256,383	---

* Estimate of Southern Pacific, 1916

b Estimate of City Engineer of San Jose, 1916.

There is considerable difference of opinion among the interested parties as to the width of vehicular roadway that should be provided through the subway. The original (1916) designs of both the city of San Jose and the Southern Pacific provided for two roadways, each approximately twenty-five feet in width. It is undisputed that a single roadway fifty feet in width would be superior and have a greater traffic capacity than the two twenty-five-foot roadways and Southern Pacific Company contends that the fifty-foot roadway is entirely adequate for a structure at this point. The engineer of the Highway Commission, however, insists that the minimum opening should be either one fifty-four-foot clear roadway or two thirty-foot roadways. The city of San Jose expressed a preference for the design providing two thirty-foot roadways.

In determining the proper width of roadways the primary consideration is, of course, the probable growth in traffic. The following table shows the result of checks in 1915 as compared with the current year:

TABLE II.
Twelve-Hour Traffic (Daytime).

Items	Saturday, Dec. 4, 1915	Sunday, June 3, 1923	Tuesday, June 5, 1923	Maximum hour, June 5, 1923, 5 to 6 p.m.
Automobiles and trucks.....	322	10,986	10,809	1,397
Horse-drawn vehicles	763	20	46	2
Motorcycles and bicycles.....	734	318	600	84
Total vehicles	1,819	11,324	11,455	1,483

It is thus seen that in the past eight years the vehicular traffic at this point, exclusive of street cars, has increased to approximately six times what it was in 1915. The total movements of street cars at this point was 305 in 1915. The records of the Commission indicate no important increase as to the quantity of the street car traffic. This large increase in automobile traffic emphasizes the soundness of the conclusion reached by the Commission in 1916 as to the necessity of separating the grades when the Southern Pacific main line is constructed across The Alameda at this point. The Commission can not fail to take notice of the fact that not only highway traffic generally but also railroad traffic at San Jose has substantially increased and if for any reason it is decided that present route of the railroad along Fourth street should not be abandoned in favor of the route contemplated in this application, the public safety will inevitably require that some of the grade crossings on the Fourth street route be eliminated.

The Alameda is one hundred fifteen feet wide between property lines and seventy-four feet wide between curb lines. With automobiles parked along the curb the effective width for moving vehicles is approximately fifty-four feet. The California Highway Commission contends

that because of the importance of this street the effective width should not be reduced through the subway and it appears that the difference between a fifty-foot subway as recommended by the railroad and a subway fifty-four feet in width is the difference between an excessive width of four lines of traffic and a satisfactory width for six lines of traffic. In this connection it may be noted that while the increase from four to six lines of traffic is, theoretically, an increase of 50 per cent, the increase practically is not as great, due to the stopping of street cars at various points along The Alameda outside of the subway which restricts the free flow of traffic on the two lines of traffic occupied by the street car tracks. The excess cost for a fifty-four-foot roadway over that fifty feet in width is estimated at between 3 per cent and 6 per cent and is therefore, with respect to additional capacity, not of great importance. After reviewing these considerations and all the evidence upon this point, it is concluded that this subway should be so constructed as to provide a clear roadway of fifty-four feet of width.

Table I indicates a very considerable difference in the estimated cost of comparable structures as made by the engineers of the Southern Pacific from those made by the engineers of the Commission. The principal reason for this difference in cost appears to have been that the Southern Pacific has based its estimate upon performing the work under what appear to be unfavorable conditions, as its estimate provides for such items as the protecting of the excavation with bulkheading and the maintaining of the vehicular traffic during construction, while the Commission's engineer's estimate was based upon the performance of the work under reasonably favorable conditions, without interference from street traffic, and on the assumption that if the work were done in dry weather no bulkheading would be necessary. Comparing, for example, the two estimates for the construction of a fifty-foot deck girder type of subway with a barrel eighty-seven feet long which Southern Pacific Company (applicant's Exhibit 13) estimates would cost \$241,243 and the Commission's engineer estimates would cost \$171,776 (Commission's Exhibit 6), it is noted that the railroad estimates the excavation to cost \$27,725, whereas, the Commission's engineer estimates that the necessary excavation would cost \$22,800, most of the difference being due to a difference in unit prices.

The railroad's estimate includes certain additional items such as piling under the wing walls, complete waterproofing, falsework for maintaining traffic on both existing railroad tracks and provision for relocating various public utilities' facilities now occupying the street; whereas, the estimate prepared by the Commission's engineer provided for piling under the main abutments only, waterproofing the deck of

the subway only, and the provision of the falsework to maintain traffic on one railroad track only during construction. The cost of changes in the facilities of the utilities occupying the streets were not included by the Commission's engineer for the reason that he assumed that these utilities themselves, under their franchise obligation, would be required to bear that expense and that such expense, therefore, would not enter into a division of cost between the parties at interest in this proceeding. Several of the unit prices are somewhat lower in the estimate of the Commission's engineer than those used by the railroad, but the Commission's engineer was subject to cross-examination as to his estimate, and from careful consideration of this testimony as well as the estimate data subsequently filed by the railroad (applicant's Supplemental Exhibit "A"), it appears that for the most part he has used reasonably fair prices, based on current costs of labor and material and predicated on the closing of The Alameda to roadway traffic during the period of construction.

After consideration of all the evidence with respect to the various estimates presented, I am convinced that an entirely adequate structure providing for a fifty-four-foot roadway and two six-foot sidewalks having a barrel eighty-seven feet long sufficient to accommodate five tracks of the railroad can be constructed for a sum of approximately \$200,000, exclusive of property damage.

The division of cost of this structure is very important and there appears to be five parties primarily interested in this division of cost; namely, Southern Pacific Company, city of San Jose, people of the State of California on relation of the Department of Public Works, county of Santa Clara, and San Jose Railroads.

In the prior order the cost of grade separation at The Alameda was assessed 50 per cent to the railroad, 35 per cent to the city of San Jose and 15 per cent to the county of Santa Clara or the California Highway Commission, as their interests might appear.

There appears merit in the city's contention for the reapportionment of the cost. The hazard and inconvenience to be created are to be created by the railroad by diversion of railroad traffic to this crossing. The establishment of a passenger station adjacent to The Alameda will create switching traffic in addition to main-line train movements. The city has agreed to close San Fernando street across the railroad station grounds, an act which will result in considerable benefit to the railroad in its operations by providing a long yard, uncut by any streets. There are benefits which will accrue to the city through the construction of a subway at The Alameda. It will be relieved of possible future expense of relief of the crossings of Fourth street if the Southern Pacific remains on that street. The traffic along The Alameda will be afforded

a route free from the hazard and inconvenience of a grade crossing not only of a double-track main-line railroad of heavy traffic, but over which would also be made a large number of switching movements.

The character of the cost to be incurred divides itself into two classes:

(a) The compensation to be paid for property damaged because of the separation of grades at this point.

(b) The labor and material construction cost of the subway.

It appears equitable that the cost of property damage should be divided as follows:

1. Southern Pacific Company to bear the cost of all damage to property owned by Southern Pacific Company.

2. City of San Jose to bear the cost of all damage to property other than that owned by the Southern Pacific Company, located in the city of San Jose.

3. County of Santa Clara to bear the cost of damage to property, other than that owned by the Southern Pacific Company, located in the unincorporated portion of the county of Santa Clara.

After careful consideration of all of the evidence it is concluded that the political subdivisions involved in this proceeding should not be required to participate in the expense of providing additional track and yard facilities across this street, and that any cost above that necessary to construct a subway under the existing tracks should be borne exclusively by the railroad. It is also concluded that that portion of the expense which would be incurred by the installation of a subway under the existing tracks should be borne 50 per cent by the railroad and 50 per cent by the interested political subdivisions. The only direct comparison between the cost of the subway for the two existing tracks and for the five tracks actually contemplated by the railroad is that available from the estimates of the Commission's engineers. These estimates (Commission's Exhibits No. 5 and No. 7) show that the subway for two tracks will cost approximately 75 per cent of the amount necessary to install a five-track subway adequate to take care of the Southern Pacific's new yard requirements. The railroad, therefore, should be required to pay one-half of 75 per cent, plus 25 per cent, or a total of $62\frac{1}{2}$ per cent of the total five-track structure. The San Jose Railroads should, as provided in the original decision, bear the expense of changing its tracks.

Considering now the division of cost between the various political subdivisions it should be noted that the westerly city limits line is practically at the general subway location and that it would be possible for minor modifications of the proposed yard layout on the part of the Southern Pacific, to shift the location of the subway so as to place

the major portion of it either within the city of San Jose or without the city of San Jose.

The city of San Jose has control of and is responsible for the traffic on that portion of The Alameda east of the westerly city limits while the State Highway Commission has control of and is responsible for the traffic on that portion of The Alameda west of the westerly city limits of San Jose and it would therefore seem proper as to that portion of the cost of the structure which should be properly charged to the political subdivisions that it should be equally divided between these two. On this basis, one half of thirty-seven and one-half (37.5) per cent or eighteen and three-quarters (18.75) per cent of the cost of the total structure should be borne by city of San Jose and the State Highway Commission, respectively.

The principal interest of the county of Santa Clara lies in the fact that Stockton avenue converges with The Alameda at a point within the limit of approaches of the proposed subway. In the interest of the public safety, however, such a direct connection between Stockton avenue and The Alameda should not be made in any approach of the subway but a new right of way should be secured for Stockton avenue, bringing it into The Alameda west of the westerly subway approach. All of the cost of making this change in Stockton avenue should be borne by the county of Santa Clara.

In accordance with the agreement made at the hearing on June 6th, the Commission's engineer, in company with representatives of the Southern Pacific Company and representatives of the city of San Jose and the county of Santa Clara, respectively, made a joint inspection of the other crossings involved in this proceeding. A report of this inspection was prepared by the Commission's engineer and introduced in evidence at the hearing on June 27, 1923. This report dealt only with changes recommended from the provisions made for these crossings in Decision No. 3351. Since no objection was made to any of the recommendations of the Commission's engineer it is concluded that the conditions under which these various crossings should be installed should be modified in accordance with that report and the order should so provide, and special comment will be made only with respect to the situation at the state highway (Monterey road) south of San Jose.

The railroad originally applied for permission to cross this highway south of San Jose near the point where the new line is to connect with the existing line, and not far from where the present line is already crossed by this highway, thus making two crossings of the highway within a short distance. The solution offered in Decision No. 3351, providing for an exchange of right of way between the highway and the railroad to entirely eliminate the crossing, still appears to be correct in

principle. However, in carrying out this plan the railroad should acquire a new right of way for highway purposes along the easterly side of the railroad in order to allow both the new highway and the new railroad to be constructed independently without traffic interference.

It might be noted that as yet Southern Pacific Company has not made application to construct its tracks at grade across the various railroads and streets which this proposed line will intersect and therefore no authority has been or should be granted the Southern Pacific to construct such railroad crossings.

In view of the large number of crossings covered in this proceeding, and the complexity of the conditions pertaining thereto, it will no doubt be less confusing if the entire order in Decision No. 3351 be rescinded and a new order made.

The following form of order is therefore recommended :

SUPPLEMENTAL ORDER.

The above entitled matter having been reopened for further hearing, such further hearing having been held, the matter being under submission and ready for decision ;

It is hereby ordered, that the order heretofore made in Decision No. 3351, dated May 20, 1916, be and it is hereby rescinded and set aside.

It is hereby further ordered, that permission be and it is hereby granted Southern Pacific Company to construct two main line tracks at grade across the following streets, roads and highways in the city of San Jose and county of Santa Clara, namely : Lenzen avenue, Cinnabar street, Autumn street, Montgomery street, Julian street, San Augustine street, San Fernando street, Park avenue, Pine street, San Carlos street, San Salvador street, Naglee avenue, Home street, Harrison street, Bird avenue, Fuller avenue, Delmas avenue, Hull street, Chapin street, Atlanta street, Memphis street, Willow street, Lelong street, Bartlett street, Goodyear street, Sunnyside avenue, Lick avenue, Floyd street, Palm street, Almaden avenue, Almaden road and Stone avenue, said crossings to be constructed substantially in the locations shown on the map filed with the original application, subject to the following conditions, namely :

1. A certified copy of such franchise, or franchises, as are necessary, shall have been filed with the commission.
2. The entire expense of constructing the crossings, together with the cost of their maintenance thereafter in good and first-class condition for the safe and convenient use of the public, shall be borne by applicant.

3. Said crossings of Lenzen avenue, Cinnabar street, Autumn street, Montgomery street, Julian street, Park avenue, San Carlos street, San Salvador street, Home street, Bird avenue, Fuller avenue, Delmas avenue, Chapin street, Willow street, Lelong street, Bartlett street, Sunnyside avenue, Lick avenue, Almaden avenue, Almaden road and Stone avenue shall be constructed of a width and type of construction to conform to those portions of said streets, roads and highways now graded, with grades of approach not exceeding four per cent (4%) and shall be protected by suitable crossing signs and shall in every way be made safe for the passage thereover of vehicles and other road traffic.

4. Automatic flagmen shall be installed and maintained at the sole cost of applicant for the protection of the following crossings: Lenzen avenue, Cinnabar street, Montgomery street, Julian street, San Salvador street, Bird avenue, Homes street, Fuller avenue, Almaden avenue, Almaden road and Stone avenue. Said automatic flagmen shall be of a type and installed in accordance with plans or data approved by the Commission.

5. A human flagman shall be maintained twenty-four (24) hours a day for the protection of each of the following crossings: Julian street, Park avenue, Bird avenue, Delmas avenue and Willow street. The cost of maintaining such human flagman shall be borne by applicant, except that twenty-five (25) per cent of the cost of maintaining the human flagman at Park avenue and Bird avenue, respectively, shall be borne by Peninsular Railway.

6. A human flagman shall be maintained for the protection of the crossing of Stone avenue during such hours as the Oak Hill Cemetery may be open to the public. The cost of maintaining said human flagman at Stone avenue shall be borne by applicant.

7. Applicant may, at its option, install crossing gates controlled through a suitable interlocking plant for the protection of the crossing of Julian street in lieu of a human flagman.

8. Two sets of crossing gates shall be installed and maintained for the protection of the crossing of San Carlos street, said gates to be operated and controlled by a suitable interlocking plant erected adjacent to said crossings of San Carlos street. The cost of installing and maintaining said crossing gates shall be borne by applicant.

9. Barriers which will effectively prevent the public use of the following streets at grade across said tracks shall be lawfully erected by applicant: Pine street, Naglee street, Gerome street, Martin avenue, Hull street, Goodyear street, Floyd street and Palm avenue.

10. Applicant shall construct a road between Naglee street and Home street on the northerly side of its right of way and shall dedicate same to the city of San Jose.

11. Applicant shall construct a street parallel with its right of way on the northerly side thereof, between Delmas avenue and Hull street, and dedicate same to the city of San Jose.

12. Permission to cross Lelong street is granted upon the condition that applicant shall construct a street on the corner of the block northeasterly from said crossing of Lelong street and that applicant shall construct a street parallel with its right of way, on the southerly side thereof, between Willow avenue and Lelong street and that these streets shall be dedicated to the city of San Jose.

13. Applicant shall construct a street on the northeasterly side of its right of way between Bartlett and Goodyear streets and shall dedicate same to the city of San Jose.

14. Permission to cross Sunnyside avenue and Lick avenue is granted upon the condition that applicant construct a street on the southerly side of its track between Sunnyside avenue and Lick avenue and dedicate same to the city of San Jose.

15. This order is made upon the express understanding that San Augustine street, Harrison street, Atlanta street and Memphis street are not now actually constructed and open to travel at the respective points of crossing and said order shall not be deemed an authorization for the construction or opening of said streets to public use across said railroad tracks.

16. Applicant shall, within thirty (30) days thereafter, notify this Commission in writing of the completion of the installation of said crossings.

17. If said crossings shall not have been installed within one (1) year from the date of this order the authorization herein granted shall then lapse and become void unless further time is granted by subsequent order.

It is hereby further ordered, that if and when any of the grade crossings herein authorized are constructed, the crossing of The Alameda or West Santa Clara street shall be made by separating the grades substantially as to general plan in accordance with applicant's drawing MWD 4409, sheet 1, which has been designated as applicant's Supplemental Exhibit "D," and in accordance with detailed plans and specifications which shall be hereafter filed with and approved by the Commission. The expense of separating the grades at said crossing of The Alameda shall be borne as follows:

18. All damage accruing to property of applicant by reason of the construction of a subway at said crossing of The Alameda shall be borne by applicant.

19. All damage accruing to property located in the city of San Jose by reason of the construction of said subway other than to property owned by applicant shall be borne by the city of San Jose.

20. All damage accruing to any property in the unincorporated portion of the county of Santa Clara by reason of the construction of said subway other than to property owned by applicant shall be borne by the county of Santa Clara.

21. The expense of caring for its tracks during the course of construction and the laying of its tracks in the subway after its completion, together with all expenses incident thereto, shall be borne by San Jose Railroads.

22. All other expense except that in connection with track work of applicant shall be borne sixty-two and one-half per cent (62.50%) by Southern Pacific Company, eighteen and three-fourths per cent (18.75%) by the city of San Jose and eighteen and three-fourths per cent (18.75%) by the people of the State of California on relation of the Department of Public Works.

The Commission reserves the right to make such further orders relative to the location, construction, operation, maintenance and protection of said crossings as to it may seem right and proper, and to revoke its permission if, in its judgment, public convenience and necessity demand such action.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this nineteenth day of October, 1923.

DECISION No. 12733.

IN THE MATTER OF THE APPLICATION OF THE SOUTHERN CALIFORNIA TELEPHONE COMPANY FOR AN ORDER FIXING JUST AND REASONABLE RATES FOR TELEPHONE SERVICE, AUTHORIZING THE FILING OF SAME WITH THE COMMISSION, FIXING A DATE WHEN SUCH JUST AND REASONABLE RATES SHALL BECOME EFFECTIVE, AND DEFINING EXCHANGE BOUNDARIES FOR THE ADMINISTRATION AND ADVOCATING OF SAID JUST AND REASONABLE RATES, TOGETHER WITH RULES AND REGULATIONS APPERTAINING THERETO.

Application No. 8145.

APPLICATION OF CITY OF LOS ANGELES FOR A SURVEY AND INVESTIGATION OF THE SERVICE CONDITIONS AND ORDER.

H. G. BRAINARD ET AL.

vs.

SOUTHERN CALIFORNIA TELEPHONE COMPANY.

Case No. 1796.

Decided October 23, 1923.

RATES—TELEPHONE UTILITY—JOINT-USER SERVICE.—Application of City of Los Angeles for a reduction of rates on the ground that service has been so unsatisfactory and inefficient as to interfere with business, and subjects the subscribers to constant inconvenience, annoyance and loss, denied by the Commission.

SERVICE.—Service is found by the Commission to have been inadequate, but the return earned by the company is also inadequate. The company is being penalized for the present inadequate service by rates which permit it to earn a sum which is far below what is generally held to be a fair return upon the value of the property used in rendering the service. In view of these facts a reduction in rates can not be justified in law or in equity.

"OUT OF SERVICE" ALLOWANCE.—A credit allowance of 20 per cent of the monthly exchange service bill for each day of "out of service" for the first five days of each "out of service" occurring during each month. A day of "out of service" is considered to exist when a subscriber is unable to complete outgoing calls during any twelve-hour interval.

JOINT-USER RATE.—Rate for joint-user subscriber receiving service from a private branch exchange reduced from \$9 to \$5.50 a month, effective for such service rendered on and after November 1, 1923.

Jess E. Stephens, City Attorney; *Milton Bryan*, Deputy City Attorney; *H. Z. Osborne, Jr.*, Chief Engineer, Board of Public Utilities, for the City of Los Angeles.

Henry M. Willis and *Frank L. Rabe*, for Complainants in Case No. 1796.

H. D. Pillsbury and *Arthur Wright*, for Southern California Telephone Company.

BY THE COMMISSION.

OPINION.

The city of Los Angeles in its application alleges that service rendered by the company is not normal, is wholly undependable and that conditions at the time of filing the application were much worse than at the time of hearings held before the Commission in 1921 and the early part of 1922 and that service is so unsatisfactory as to seriously interfere with business and subjects the subscribers to constant inconvenience, annoyance and loss, and does not justify the rates heretofore fixed by the Commission. The city further alleges that the company has not complied in a substantial manner with the conditions laid down by the Commission in Decisions No. 9864 (20 C. R. C. 981) and No. 10142 (21 C. R. C. 274), both as regards the general service conditions and as to delayed installations. The city asks that the Commission make an investigation into the service conditions with the view of securing to the telephone subscribers of Los Angeles efficient and dependable telephone service; that the Commission fix and define a standard of service which may be considered reasonably efficient, and that the company be required to meet such service standard within the shortest possible time and that pending the bringing of service up to such standard the rates be reduced commensurate with the service now being rendered.

In the time intervening between the filing of the city's application and the hearing in these proceedings an investigation and test were made of the telephone service rendered by the company in Los Angeles. The investigation was conducted jointly by representatives of the city and the Commission. Another survey consisting of a house to house interview with subscribers was made by the city independently through its board of public utilities. Both of these dealt with the service to existing subscribers.

Commission's Decision No. 10142 directed that the company reduce the number of held orders for new installations to a maximum of 4000. At the time of the hearing of this proceeding the company had met this requirement of the Commission's order, but it appears from the evidence that this resulted in detriment to the service to existing subscribers. It also appears that for the company to continue to comply with this limitation would be impracticable for some time and would make difficult the continuation of even the existing quality of service. The investigations made by this Commission subsequent to the submission of this proceeding show that orders for telephones have averaged approximately 7500 per month as compared with 3000 per month in March, 1922, when the limit of 4000 held orders was fixed for the city of Los Angeles, and that on September 30, 1923, the held orders for the entire territory of the company had totaled approximately 22,000.

It is apparent that, with the widely fluctuating and continuously increasing number of orders received, a limit based upon a percentage of the total number of telephones will not adequately meet the situation. The Commission is convinced that better results to the public can be had by constant supervision than by fixing a semiarbitrary limit of held orders. The company is now being required, and will be required in the future, to install telephones as rapidly as possible, with due consideration given to the service to existing subscribers.

The Commission is asked to fix a standard of telephone service and it is important that such a standard be fixed. However, before any definite standard, or even a tentative standard, can be determined, a vast amount of study and investigation will be necessary. The evidence in this proceeding is not sufficient to fix even a tentative standard of service. The Commission has directed its engineering department to investigate and submit to it recommendations for the determination of a standard to govern telephone service of this company.

An analysis of the testimony and exhibits submitted relative to the surveys made by the Commission and the city indicates that the service to existing subscribers is not satisfactory; that the service furnished by the company, as indicated by tests, had only slightly improved over the year preceding. This condition is practically admitted by the company's witnesses.

The city of Los Angeles asks that the rates fixed in Decision No. 9864 be reduced commensurate with the present service, such reduction to continue until such time as the service will meet the normal standard requested to be fixed.

Rates can not be determined on a consideration of relative service conditions only, although the quality of service rendered must have a bearing upon the compensation to be paid therefor. Other factors, such as operating revenues from present rates, operating expenses, resulting return on a reasonable investment or rate base, and the practical conditions under which the utility is operating, must be considered.

In Decision No. 9864 the Commission fixed rates estimated to give the company a return of approximately 5.1 per cent for the year 1922, which, it was estimated, would enable the company to render adequate and satisfactory service. The actual results for the year 1922, and for the year 1923 to date, show that neither of these conditions have occurred. Service has not been made adequate nor satisfactory and the return to the company has not amounted to that anticipated. The company's statement for the year 1922 shows a loss below operating expenses of approximately 2 per cent and the Commission finds, after making adjustments in accordance with the basis heretofore followed, that the return for 1922 was approximately 2.4 per cent and that a lesser return is expected for 1923.

The company, in face of this low return, has expended in new equipment to serve the public over \$14,000,000 in 1922, and will invest over \$15,000,000 in 1923, and from present indications an even greater annual capital expenditure must be made to meet the growing needs of Los Angeles and to improve service.

Under existing conditions subscribers are given an inadequate service and the company earns an inadequate return. The company now is being penalized for the present inadequate service by rates which permit it to earn a sum which is far below what is generally held to be a fair return upon the value of the property used in rendering the service. In view of these facts a reduction in rates can not be justified either in law or in equity. Even if the Commission had the power under the law to reduce the present rates, such reduction could only tend to make it impossible to borrow further money for improvements, without which there is no hope that satisfactory telephone service ever can be rendered.

On the other hand, the company has assumed an obligation to render adequate and efficient service in the Los Angeles territory. If, for any reason, it has failed to keep pace with the phenomenal growth and development of that territory and now finds itself in a position where it must practically rebuild its entire facilities under conditions which

necessarily interrupt and reduce the efficiency of the service, it must not expect the ratepayers to assume all the burdens and save the company from the result of its own lack of foresight or enterprise. Until the company is in a position to render a normally efficient service, it should not expect to receive a full or even an approximately adequate return.

The purpose of the present proceeding is to find methods and means to improve telephone service in the city of Los Angeles as rapidly as possible. The Commission, from its investigations, is convinced that the local organization in Los Angeles is endeavoring, with the limited means at hand, to meet the situation. The Commission is not convinced, however, that the plans which the company or the parent companies controlling Southern California Telephone Company have been following in the past, nor the present plans for the future, are adequate to meet the continually increasing demands for telephone service in Los Angeles. The Commission has already informally directed the company to materially increase the program of development and Southern California Telephone Company will be ordered herein to submit to the Commission, within thirty (30) days from the date of this order, a definite and adequate program to meet the growing demands made upon it and give adequate assurance to this Commission of its determination and ability to carry this out.

In Decision No. 10142, *supra*, the Commission made its order directing the company to provide for credit allowance to subscribers in all cases of lapse of service. The rule, as now in effect, does not give proper weight to the effect of interruptions to service. The order in this proceeding will provide for the determination of a credit allowance of 20 per cent of the monthly exchange service bill for each day of "out of service" for the first five days of such "out of service" occurring during each month. A day of "out of service" is considered to exist when a subscriber is unable to complete outgoing calls during any twelve-hour interval.

The city complains of certain injustice in the company's rules and regulations and of the company's alleged arbitrariness in the interpretations of its rules on file with the Commission. The company will be directed to file with the Commission, for its approval or modification, a more detailed definition of the various classes of service rendered and rules governing same.

In the proceeding of H. G. Brainard et al. it is alleged that the company is charging and collecting unreasonable and discriminatory rates for telephone service. The specific complaint is against certain rates and rules and regulations with reference to so-called joint-user service. The complainants ask that a reasonable rate be fixed for joint-user

service for intercommunicating systems and that the excessive and discriminatory charges heretofore charged and collected by the company be ascertained and that the Commission order due reparation to the several complainants in this case.

The situation dealt with affects not only these particular complainants, but all other subscribers of this class of service under similar or related circumstances. The present rate for joint-user service from the private branch exchange is an amount equivalent to an individual business line unlimited rate. A joint-user subscriber receiving service from a private branch exchange then pays the same charge as a subscriber having an individual business line. The company maintains that such a rate is justified primarily on the ground that this service should be limited and that each subscriber should take a separate service, and that two or more different services should not be joined together. It is apparent that the company can render to two or more subscribers joint-user service at a lower cost to itself than separate individual line service. It seems to this Commission that the company is not justified in charging the individual line service rate to these subscribers rendered joint-user service over intercommunicating or private branch exchange systems, particularly in view of the fact that the company voluntarily filed a joint-user rate for individual line service of \$1.50 per month. Considering these facts and the comparative rate for intercommunicating systems and private branch exchanges for firms, the Commission finds that a reasonable rate for this class of service is \$5.50 per month. This rate will be made effective for such joint-user service rendered on and after November 1, 1923.

ORDER.

In Application No. 8145.

The city of Los Angeles having made application for a survey and investigation of telephone service conditions in Los Angeles, and having asked the Railroad Commission to define a standard of service which may be regarded as reasonably efficient and that pending the bringing of service of Southern California Telephone Company up to such standard the rates heretofore fixed be reduced commensurate with the service now being rendered, a public hearing having been held and the matter submitted;

It is hereby ordered, that

(1) Section A, subdivision (a) of the Order on Rehearing in Decision No. 10142, *supra*, shall be canceled as of November 1, 1923.

(2) Section A, subdivision (c) of the Order on Rehearing in Decision No. 10142, *supra*, is hereby canceled and shall on the effective date of this order be no longer in force and effect.

(3) Southern California Telephone Company is hereby directed to submit for the approval of this Commission, within thirty (30) days from the date of this order, a comprehensive and adequate program for the improvement of service and supplying the demands for telephone service in the territory served by it at the earliest practical date.

(4) The following rules and regulations governing credit allowances for service interruptions shall become effective on November 1, 1923.

RULES AND REGULATIONS.

CREDIT ALLOWANCE.

(a) The company shall allow subscribers credit in all cases where telephones are "out of service" for periods of one day or more from the time the fact is reported by the subscriber or detected by the company of an amount equal to 20 per cent of the monthly exchange service bill for each day of "out of service," but in no case shall the total allowance exceed the total monthly exchange service bill.

(b) A day of "out of service" will be considered to exist when outgoing service is not available for an interval of twelve hours or more during any one day.

(c) When any "out of service" period continues for a period in excess of an even multiple of twenty-four hours, then the total period upon which to determine the credit allowance shall be taken to the next higher even twenty-four hour multiple.

(d) The "out of service" credit allowance shall appear on the first monthly bill rendered all subscribers following the "out of service" period, provided the trouble is reported by the subscriber or detected by the company and cleared on or before the twenty-fifth of the month.

(e) The "out of service" credit allowance covering the "out of service" period in cases reported by the subscriber or detected by the company, from the twenty-sixth to and including the last day of the month, can not be determined in time to be included on the following month's bills and shall appear on the first bill rendered the subscriber thereafter.

(5) Southern California Telephone Company shall file the rules and regulations governing credit allowances as set forth under section (4) above with this Commission on or before November 1, 1923.

(6) Southern California Telephone Company shall file with this Commission on or before the thirtieth day of each month a statement showing the held orders as of the twentieth day of said month, together with such other information in such form and manner as this Commission may, from time to time, direct.

(7) Southern California Telephone Company shall file with the Railroad Commission for its approval on or before December 1, 1923, revised definitions and rules and regulations defining and governing all classes of service rendered by it.

(8) The application of the city of Los Angeles for a reduction of rates be and is hereby denied.

In Case No. 1796.

H. G. Brainard et al. having filed a complaint alleging that certain rates and charges applying to joint-user service being charged and collected by Southern California Telephone Company are unreasonable, and requesting that reasonable rates and charges for this class of service be fixed, and further requesting that reparation to the various

complainants be ordered, a public hearing having been held and the matter submitted, and it now appearing that the existing rates and charges for joint-user service, in so far as they differ from the rates and charges herein fixed, are unjust and unreasonable and that the rates and charges herein fixed are just and reasonable rates;

It is hereby further ordered, that

(9) Southern California Telephone Company cancel its Exchange Service Schedule No. A-10, joint-user service, as set forth in C. R. C. Sheet No. 27-T, as of November 1, 1923.

(10) Southern California Telephone Company charge and collect for joint-user service rendered on and after November 1, 1923, the following rates and charges:

EXCHANGE SERVICE SCHEDULE NO. A-10.

Joint-User Service.

Applicable to joint-user throughout the entire territory served.

<i>Rate.</i>	<i>Charge per month</i>
Joint-user service	
Individual line business unlimited service-----	\$1 50
Individual line business coin box service-----	25
Intercommunicating system and private branch exchange service-----	5 50

(11) Southern California Telephone Company file with the Railroad Commission Schedule A-10 as set forth under section (9) above, on or before November 1, 1923.

The Commission reserves the right to make such further orders in these proceedings relating to service and rates as to it may appear just and reasonable.

The effective date of this order shall be November 1, 1923.

Dated at San Francisco, California, this twenty-third day of October, 1923.

C. L. SEAVEY.

H. W. BRUNDIGE.

IRVING MARTIN.

J. T. WHITTLESEY.

SHORE, COMMISSIONER, DISSENTING.

An opinion and order has been approved by a majority of my colleagues on the State Railroad Commission in the matter of Application No. 8145 by the city of Los Angeles relative to rates and service of the Southern California Telephone Company.

While I concur with some of the findings and conclusions of my colleagues in this matter and recognize that they have earnestly sought a solution of one of the most perplexing and difficult problems confronting the Railroad Commission, I find myself unable to concur in the opinion and order as a whole, and in view of the grave nature of

the situation involved I deem it in the interest of public welfare to file a contemporaneous statement of my opinion relative to the main issues in the case.

A public utility is a business established with private capital to meet the common needs of a community in services or in commodities or both, which can not be adequately provided without certain restrictions in competition and certain safeguards in law. These restrictions and safeguards afford utility investors an unusual opportunity to ultimately secure well protected conservative profits through the increasing demands for service with community expansion and business necessity. But they also impose upon the utilities without discount the obligation to fully meet the requirements of service in the community. The issue between private monopoly and public ownership of public services will ultimately be determined on this point. Communities are bound to consider substitute forms of competitive service or public ownership in the face of any persistent degree of failure to meet the service demand. Such public service failure may rightly be held to constitute a forfeiture of franchise and of all the material benefits inhering therein.

In the case of a telephone service in a great and growing community public welfare becomes dependent upon a unified telephone system, and thereby a natural and practical monopoly comes to exist. Such a situation reflects upon a regulatory body such as the Railroad Commission of this state a particular responsibility to insure adequate telephone service, especially in large cities, by whatever means may be at its command. No measure within its authority for the penalization of a utility that has persisted for years in a conspicuous failure to adequately serve the public can be justly deemed too severe.

It is at this point of incomparably bad service on the part of the Southern California Telephone Company that all comparisons of Los Angeles telephone rates with those in other cities, and all comparisons of service rates with the rate of return upon invested capital, completely fall to the ground.

While there may be decisions of the Supreme Court of the United States that might sustain the opinion that even the present rate of return on its investment that is allowed this company by existing service rates might be proved to be equivalent to a confiscation of the company's property on a normal and adequate basis of service, I am of the opinion that the records covering many years, in previous decisions of the Railroad Commission, in the hearing of the application now being determined upon, in the company's own records, and in reports of tests and investigations made during the present year by the engineering department of the Commission show such a degree and accumu-

lation of inadequacy and inefficiency of service as to seriously involve this company in the possible forfeiture of its franchise.

I am advised by the legal department of the Railroad Commission that a public utility's claim against an alleged confiscatory rate can be successfully disputed on the ground of inadequacy of service. Upon this principle of legal determination it would appear doubtful whether this company can rightfully claim any profitable return above necessary and reasonable operating expenses together with interest on its funded debt. I am in favor of adequate rates and an adequate rate of return when adequate service is rendered, but not until then.

A paramount factor in the Los Angeles telephone situation is the relation that exists between the Southern California Telephone Company and its parent and affiliated companies. It appears from evidence submitted that the stock of the Southern California Telephone Company is owned and controlled by the Pacific Telephone and Telegraph Company, which in turn is owned and controlled by the American Telephone and Telegraph Company of New York; also that the Western Electric Company, from which the materials and equipment of the local company are purchased, is owned and controlled by the American Telephone and Telegraph Company. While these relations may be entirely legitimate, we must assume, if we are to avoid a legal subterfuge, that the local company is for all practical intents and purposes the American Telephone and Telegraph Company and that the local company has therefore at its command the financial resources of the American Telephone and Telegraph Company and the material products of the Western Electric Company. Any attempt on the part of the American Telephone Company to evade the responsibilities of its ownership of the local company, and therefore of its obligation to adequately meet the full service demand of Los Angeles, should be vigorously resisted by the Railroad Commission.

When, therefore, anyone speaks of the limited means at the command of the Southern California Telephone Company, or the lack of available materials and equipment for new construction, new telephone installations, improved instruments and exchange facilities, it is the American Telephone Company that is really under question, and it is that company that we are in reality dealing with in this situation. Unfortunately the American Telephone and Telegraph Company is not a utility of this state and the Railroad Commission is under limitations of authority as to the direction, regulation and control of its operations except through the medium of the Southern California Telephone Company. But it is within reason to state that the American Telephone Company could have adequately financed and could have provided all the materials and equipment necessary to have brought the

Los Angeles service up to a normal standard long before now, and that it is within that company's power now to finance and provide for all the development, replacements, extensions, additions, betterments, facilities and equipment necessary to bring this supremely important service up to a normal standard within one year. Anything less than such a program and such a demand will leave the telephone service of Los Angeles year after year in a crippled, fluctuating and unsatisfactory condition. Nothing less than maximum standards of service should be applied to this company. Any temporizing with the situation will leave Los Angeles as badly off for telephone service five years from now as it is today, if the population continues to grow, as it assuredly will.

Accordingly it is my opinion that the State Railroad Commission of California should find and order as follows:

1. That the facilities, equipment and service of the Southern California Telephone Company are utterly inadequate and inefficient.

2. That the Southern California Telephone Company and its parent organizations, the Pacific Telephone and Telegraph Company and the American Telephone and Telegraph Company, are not justified in receiving any profitable return upon their investment in the property of the Southern California Telephone Company in Los Angeles under present conditions of inadequate service.

3. That the Southern California Telephone Company be ordered not to distribute any of its gross income, except upon order by the Railroad Commission, to its stockholders, or to the Pacific Telephone and Telegraph Company, or to the American Telephone and Telegraph Company, and that any rates ordered or sustained by the Commission at this or any future time until the service has been adequately improved be allowed only upon this condition.

4. That any net earnings of the Southern California Telephone Company over and above such operating expenses as may be approved by the Railroad Commission, together with interest on the company's funded debt, be set aside as a special reserve fund to be distributed under supplemental order of the Commission when, in its judgment, the telephone service has been brought up to a normal and adequate standard.

5. That standards of telephone service, particularly as to held orders for installation, completed telephone calls and reported trouble be established by the Railroad Commission and applied to this company not later than January 1, 1924.

6. That a reproduction cost valuation of the property of Southern California Telephone Company be made by the Railroad Commission prior to the next rate proceeding of this company; and also an investiga-

tion as to the retirements from capital account that have been or should be affected on account of inadequacy or obsolescence of plant or equipment resulting from the consolidation of the two previous telephone systems merged into the Southern California Telephone Company; and further, an investigation into the reasonableness of the prices paid to the Western Electric Company for materials and equipment purchased by the Southern California Telephone Company; and that said valuation and investigations be proceeded with forthwith.

7. That in accordance with the direction, given in the Railroad Commission's opinion and order under Application No. 8145 herein, to the Southern California Telephone Company to submit for the approval of the Commission within thirty (30) days a comprehensive and adequate program for the improvement of service and supplying the demands for telephone service in the territory served by it, a proceeding be had as soon as possible thereafter to enable all parties interested in said program as well as the Commission to examine and investigate the program submitted as to its adequacy and as to the company's ability to provide for an early realization of the program required.

EGERTON SHORE,

Commissioner.

DECISION No. 12734.

IN THE MATTER OF THE ADEQUACY OF THE PASSENGER STATION FACILITIES OF SOUTHERN PACIFIC COMPANY AT SACRAMENTO, CALIFORNIA.

Case No. 1019.

Decided October 23, 1923.

STEAM RAILROADS—PASSENGER STATION.—Passenger station of Southern Pacific Company at Sacramento found to be inadequate and unfitted for the proper service of its patrons, and that a new station should be erected to promote the security and convenience of its employees and the public, and to secure adequate service and facilities in said city. The company is directed to construct a new passenger station in the city of Sacramento in the general location shown upon the company's Exhibit No. 3, and to file the plans and specifications therefor with the Commission within 90 days of the effective date of the Commission's order, which is designated as 20 days from date of issuance of order, October 23, 1923.

George D. Squires, W. H. Devlin, E. J. Foulds and Elmer Westlake, for Southern Pacific Company.

R. L. Shinn, City Attorney, for City of Sacramento.

Archibald Yell, City Attorney, for City of Sacramento.

G. J. Bradley, for Merchants and Manufacturers Traffic Association, for Sacramento Chamber of Commerce and in propria persona.

R. C. Drescher, for Chamber of Commerce.

C. Meredith, for Retail Merchants Association.

Victor Kohler, for Home Products League.

L. C. Hunter, for Jobbers Association of Sacramento.

F. B. McKevitt, for California Fruit Distributors Association.

Mrs. H. W. Adams, for Women's Council of Sacramento.

Mrs. William Beckman, for Tuesday Club of Sacramento.

J. J. McDonald, for Commercial Club of Sacramento.

L. J. Keller, for Sacramento Realty Board.

D. W. Carmichael, *in propria persona*, and for minority portion of City Commission of Sacramento.

George Z. Wait and *James L. Flanagan*, for citizens of Sacramento and for hotel interests.

BRUNDIGE, Commissioner.

OPINION.

This is a matter which was instituted by the Commission in 1916. Public hearings were held at Sacramento, December 12, 1916, before Commissioner Gordon; February 14, 1921, before Commissioner Devlin; and on October 2, 1923, before Commissioner Brundige.

At the first hearing considerable evidence was introduced by the Commission's engineers to show the inadequacy of the present facilities. The hearing was adjourned and further hearing postponed several times until, because of the World War and other considerations, by stipulation, dated June 4, 1917, all parties agreed that the matter be dropped from the calendar without prejudice.

At the hearing in 1921 Southern Pacific Company urged further postponement because of the so-called Central Pacific-Southern Pacific unmerger case, which was awaiting decision from the courts at that time.

At the last hearing of this matter Mr. William Sproule, president of the Southern Pacific Company, appeared and stated that his company would agree to erect a new passenger station at Sacramento. This declaration of purpose obviates the necessity of reciting at length the testimony as to the inadequacy of the present passenger station. The Southern Pacific Company offered for consideration a preliminary plan (Southern Pacific Company Exhibit No. 3) of a proposed new station to be erected on a site, centrally located, opposite the north end of Fourth street and adjacent on the north to the tract of two and one-half city blocks owned by the city of Sacramento north of I street and between Third and Fifth streets.

The matter was submitted with the understanding that the city council of the city of Sacramento would promptly either officially approve or disapprove, and that the Merchants and Manufacturers Association would also approve or disapprove, of the location proposed on this exhibit. By Resolution No. 778, adopted October 11, 1923 (a certified copy of which has been filed with the Commission), the city of Sacramento officially approved the location proposed by Southern Pacific Company in said exhibit, and by letter dated October 15, 1923, the Merchants and Manufacturers Traffic Association and the Jobbers

and Manufacturers Association also approved of this proposed location. In submitting the matter it was further agreed that within ninety (90) days after the Commission had made its decision in this case, Southern Pacific Company would present for the approval of the Commission detailed plans for the new passenger station and its appurtenances, to be located as shown on the hereinabove mentioned exhibit.

The following form of order is recommended:

ORDER.

The Commission having, on its own motion, instituted an investigation into the adequacy of the passenger station facilities of Southern Pacific Company at Sacramento, California, public hearings having been held, the matter being under submission and ready for decision:

The Commission hereby finds as a fact that the present passenger station of the Southern Pacific Company in the city of Sacramento is inadequate and unfitted for the proper service of its patrons, and that a new passenger station should be erected, to promote the security and convenience of its employees and the public, and to secure adequate service and facilities in said city; and basing its order upon the said findings of fact;

It is hereby ordered, that Southern Pacific Company be and it is hereby directed to construct a new passenger station in the city of Sacramento in the general location shown upon Southern Pacific Company Exhibit No. 3 according to plans and specifications which shall hereafter be approved by the Commission.

It is hereby further ordered, that Southern Pacific Company be and it is hereby directed to file said detailed plans with the Commission within ninety (90) days from the effective date of this order.

The effective date of this order shall be twenty (20) days from the date hereof.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this twenty-third day of October, 1923.

DECISION No. 12735.

IN THE MATTER OF THE APPLICATION OF THE SECURITY WAREHOUSE AND COLD STORAGE COMPANY, A CORPORATION, FOR PERMISSION TO ISSUE AND SELL AN ADDITIONAL FOUR HUNDRED SHARES OF ITS CAPITAL STOCK AT ONE HUNDRED DOLLARS PER SHARE.

Application No. 9402.
Decided October 23, 1923.

S. G. Tompkins, for Applicant.

By THE COMMISSION.

OPINION.

In this application the Railroad Commission is asked to make an order authorizing Security Warehouse and Cold Storage Company to issue and sell \$40,000 of its capital stock at par for the purpose of paying outstanding indebtedness.

Security Warehouse and Cold Storage Company is engaged in a general warehousing and cold storage business in San Jose. For the year ending December 31, 1920, it reports operating revenues of \$61,871.21; operating expenses, exclusive of depreciation, as \$35,668.96; and net operating revenues of \$26,202.25. After deducting interest, depreciation and miscellaneous items, it reports a net corporate income for the year of \$14,265.52. In 1921 the company reports gross revenues of \$124,902.08; operating expenses of \$70,622.14; and net operating revenues of \$54,279.94. After paying interest and making allowances for depreciation and other deductions from income it reported a net corporate income for the year of \$32,765.26. In 1922 the company reported operating revenues of \$167,295.87; operating expenses of \$91,502.84; net operating revenues of \$75,793.03; and net corporate income of \$50,387.06.

Applicant was incorporated on or about October 31, 1919, with an authorized capital stock of \$500,000 divided into 5000 shares of the par value of \$100 each. By Decision No. 6944, dated December 17, 1919, as amended, the Commission authorized the company to issue and sell \$300,000 of its capital stock. The company has issued \$285,000 of the stock. It is of record that applicant will issue no more stock under the authority granted in Decision No. 6944. The \$40,000 of stock which applicant now asks permission to issue includes the \$15,000 authorized to be issued by Decision No. 6944, but not issued by applicant.

Applicant reports that it will use the money received from the sale of the stock now applied for to liquidate outstanding indebtedness. As of October 31, 1923, the company's outstanding indebtedness is reported

as \$76,124.17, consisting of \$52,000 of 6 per cent short term notes and \$24,124.17 of accounts payable. The testimony herein shows that this indebtedness was contracted to pay for extensions, additions and betterments to applicant's plants and properties.

ORDER.

Security Warehouse and Cold Storage Company having applied to the Railroad Commission for permission to issue and sell stock, a public hearing having been held before Examiner Fankhauser, and the Railroad Commission being of the opinion that the application should be granted, as herein provided, and that the money, property or labor to be procured or paid for through such issue of stock is reasonably required by applicant;

It is hereby ordered, that Security Warehouse and Cold Storage Company be and it is hereby authorized to issue and sell at not less than par \$40,000 of its capital stock and to use the proceeds for the purpose of liquidating in part the outstanding indebtedness referred to in the foregoing opinion.

The authority herein granted is subject to further conditions as follows:

1. Applicant shall keep such record of the issue, sale and delivery of the stock herein authorized and of the disposition of the proceeds as will enable it to file on or before the twenty-fifth day of each month a verified report, as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

2. The authority herein granted to issue stock will become effective upon the date hereof and will expire on July 31, 1924.

Dated at San Francisco, California, this twenty-third day of October, 1923.

DECISION No. 12739.

IN THE MATTER OF THE APPLICATION OF INTERSTATE MOTOR TRANSIT COMPANY, A CORPORATION OF THE STATE OF WASHINGTON, FOR CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY TO OPERATE A PASSENGER SERVICE BETWEEN SAN FRANCISCO AND SOUTHERN BOUNDARY LINE OF OREGON.

Application No. 9289.

Decided October 23, 1923.

AUTO STAGE TRANSPORTATION—INTERSTATE SERVICE—JURISDICTION.—The Commission holds that, in the absence of any federal regulation of auto stage companies, this Commission, as the regulatory body of the State of California, should assume jurisdiction over all transportation companies operating or seeking to operate as such, under the terms of chapter 213, Statutes of 1917, and that this jurisdiction extends to transportation companies such as the

applicant, who proposes to operate an interstate service. Operations as proposed by applicant being in violation of rules of the Commission for regulation of the operation of automotive stages, the application for a certificate of public convenience and necessity is denied.

Sanborn and Roehl and DeLancey C. Smith, by DeLancey C. Smith, for Applicant. Warren E. Libby, for Pickwick Stages, N. D., Inc., Protestant.

F. W. Mielke and C. E. Peterson, for Southern Pacific Company, Protestant.

SHORE, Commissioner.

OPINION.

Interstate Motor Transit Company, a corporation, has filed application with the Railroad Commission in which it petitions for a certificate of public convenience and necessity authorizing the operation of an automobile stage line between San Francisco and the southern boundary line of the State of Oregon. It is not proposed to render any intrastate service whatsoever, the sole operation to be engaged in by applicant being the transportation of passengers from San Francisco to Eugene, Roseburg, Grants Pass and Portland, Oregon.

The application sets forth the following conditions as justification for the granting of the certificate prayed for:

Applicant is now, and has been, operating over the same route from San Francisco to Portland, Oregon, furnishing passenger service by motor stage; such operation was carried on with the knowledge and consent of the Railroad Commission of California; further, applicant was granted a certificate by the State of Oregon authorizing it to operate motor stages between Portland, Oregon, and the northern boundary line of the State of California. Due to the fact that the Railroad Commission of California has not heretofore assumed jurisdiction over solely interstate carriers, applicant has expended large sums of money in the purchase of equipment and has obligated itself for the future, relying on its certificate issued by the State of Oregon and the position taken by the California Railroad Commission with reference to interstate carriers.

Applicant claims to own one Locomobile 8-passenger stage, one White 11-passenger stage, one Packard 12-passenger stage and one Buick 7-passenger stage, and proposes to operate three round trips per week.

The principal question of jurisdiction involved in this proceeding concerns the interpretation and application of section 9 of the act for the regulation of auto stages (Stats. 1917, chapter 213, as amended), which reads as follows:

Neither this act nor any provision thereof shall apply or be construed to apply to commerce with foreign nations or commerce among the several states of this union, except in so far as the same may be permitted under the provisions of the constitution of the United States and the acts of congress.

It has been contended that under the provision of this section the Railroad Commission, in the exercise of its regulatory powers over auto

stage transportation companies, has no jurisdiction over such companies whose operations are entirely of interstate character. While it is true that the Commission has not heretofore assumed jurisdiction in such cases, this is the first instance where the matter has been considered in any formal proceeding. In other states, however, where similar statutory provisions were in force, this question has been presented and court decisions rendered thereon, which we feel are entitled to great weight in our consideration of the question.

The Supreme Court of the State of Washington, in the recent case of *Northern Pacific Railroad Co. vs. Schoenfeldt*, 216 Pac. 26, said:

We have repeatedly held that the legislature may regulate the use of the highways for carrying on business for private gain, and that such regulation is a valid exercise of the police power.

In the same decision the Washington court, after referring to the fact that no federal statute had been enacted for the regulation of this particular kind of common carrier, and to the well established principle that until congress acts to regulate a particular phase of interstate commerce, state regulation incidentally affecting such interstate commerce is not superseded, concludes:

That no feature of the act is a prohibition of, or a direct burden upon, interstate commerce.

The same interpretation of the Washington statute to regulate auto stages even though operating in interstate commerce was recognized and upheld by the federal court in the case of *Interstate Motor Transit Co. vs. Kuykendall*, 284 Fed. 882.

We agree with the conclusions reached in the foregoing cases, and, in accordance with the principles announced therein, conclude that in the absence of any federal regulation of auto stage transportation companies, this Commission, as the regulatory body of the State of California, should assume jurisdiction over all transportation companies operating, or seeking to operate, as such under the terms of the regulatory statute (chapter 213, Statutes 1917), and that this jurisdiction extends to transportation companies such as the applicant, who propose to operate an interstate service.

The allegations, however, set forth in the application were not sustained by testimony of the president of the company, who testified at the hearing upon this application. His testimony was in effect directly contrary to such allegations, in that he testified that the corporation, applicant herein, had no assets other than a nominal sum received as commissions, and no equipment, nor had it in the past or did it intend in the future to itself own and operate automotive stages for the transportation of passengers as a common carrier as set forth in its petition.

Applicant corporation has an authorized issue of some \$4,000 par value of stock, all of which is issued and outstanding in the hands of some four individuals. As stated by the president of the company, the corporation itself has received no consideration whatsoever covering stock outstanding but the corporation was formed solely for the purpose of securing operative rights in the different states through which operations would be carried on and thereafter to permit individuals owning passenger machines to operate in the name of the corporation and under the certificates held by the corporation, such individuals to pay all their own expenses of operation and to retain all of their own individual receipts, with the exception of 20 per cent of the gross receipts, such 20 per cent to be turned over to the corporation and used, one-half for advertising purposes and the other one-half to reimburse the corporation for the use of its name and right to operate and for whatever services the corporation as such might render in the selling of tickets or securing of passengers.

Under Decision No. 5318, in Case No. 1202, dated April 17, 1918, the Railroad Commission held that the practice of so-called leasing of cars on a percentage basis was not desirable from the standpoint of public interest and did not result in the automobile transportation business being conducted on a stable basis. In such decision the Commission directed that all transportation companies should, after a period of 120 days from the date thereof, either own their own equipment (proprietary control being deemed ownership), or lease such equipment for a specified amount on a trip or term basis, the leasing of equipment not to include the service of a driver or operator.

Later, the Commission issued its General Order No. 67, requiring that all such leases be executed in writing. Clearly operation as proposed by applicant herein would be in direct violation of the rules and regulations established by the Commission governing operation of automotive stages in the transportation of passengers or property for compensation, and in view of the evidence submitted in this proceeding we are of the opinion that the application should be denied and an order will be entered accordingly.

I herewith submit the following form of order:

ORDER.

A public hearing having been held in the above entitled matter, evidence submitted, and the Commission being fully advised:

It is hereby found as a fact that public convenience and necessity do not require the operation by applicant as a transportation company of auto stages over the public highways of this state, between San

Francisco and the southern boundary line of Oregon, as proposed by the applicant herein; wherefore,

It is hereby ordered, that the application herein be and the same is hereby denied.

Dated at San Francisco, California, this twenty-third day of October, 1923.

DECISION No. 12740.

IN THE MATTER OF THE APPLICATION OF THE CITY OF SAN BERNARDINO, A MUNICIPAL CORPORATION, FOR A DECREASE IN RATES OF SOUTHERN CALIFORNIA GAS COMPANY.

Case No. 1776.

Decided October 23, 1923.

RATES—GAS UTILITY—DIFFERENTIAL ELIMINATED.—The Commission reduced the top rates of Southern California Gas Company in the city of San Bernardino from \$1.30 per 1000 cubic feet to \$1.25 per 1000 cubic feet, effective for all meter readings taken on and after November 20, 1923. The rates fixed by the Commission are the same as those now in effect in Riverside. Heretofore a differential of five cents per 1000 cubic feet has been maintained between San Bernardino and Riverside, owing to the higher cost of service, which was partly due to the requirement of the two per cent franchise tax in San Bernardino.

William Guthrie, for the City of San Bernardino.
Jared How and *T. J. Reynolds*, for Southern California Gas Company.
Geo. H. Johnson, for certain consumers.

BRUNDIGE, Commissioner.

OPINION.

This complaint of the city of San Bernardino was filed with the Railroad Commission June 7, 1922, and alleges that the rates charged for the service of gas by Southern California Gas Company are unjust and unreasonable and asks that the Commission fix just and reasonable rates.

A hearing was held in this matter in San Bernardino on December 11, 1922, before former Commissioner Benedict, at which time the city of San Bernardino introduced certain evidence and testimony for the purpose of showing the recent material growth of the city, which would contribute to the justification of lower rates at this time. Complaint was also made because of the fact that defendant gas company does not voluntarily extend its gas mains along the various streets of San Bernardino prior to the paving of such streets. However, sufficient evidence was not submitted in this proceeding to warrant a modification of present extension rules. Adjourned hearings in this matter, which were held in Los Angeles on May 15 and August 16, 17, 22 and 23, 1923,

were necessitated in order for the Commission to complete its valuation of the properties involved and to prepare proper studies of the cost of service based upon this appraisal.

A great amount of evidence in the form of exhibits has been submitted by defendant, largely in reply to the demands of Mr. Guthrie, attorney for the city of San Bernardino. The Commission, through Valuation Engineer R. M. Vaughan and C. C. Brown, assistant engineer, submitted an inventory and appraisal of the properties of Southern California Gas Company in the San Bernardino Division. Analyses of operating records and estimates of the cost of domestic gas service for the ensuing rate year ending June 30, 1924, were presented by H. L. Masser, gas engineer for the Commission.

The domestic gas rate in the city of San Bernardino is shown by the following schedule:

Southern California Gas Company—Schedule C-2.

First 3,000 cubic feet per meter per month at-----	\$1 30 per M.c.f.
Next 7,000 cubic feet per meter per month at-----	1 20 per M.c.f.
Next 10,000 cubic feet per meter per month at-----	1 07 per M.c.f.
Next 30,000 cubic feet per meter per month at-----	92 per M.c.f.
All over 50,000 cubic feet per meter per month at-----	77 per M.c.f.
Minimum charge, \$1 per meter per month.	

This schedule is 5 cents per thousand cubic feet higher on the first two blocks and 2 cents per thousand higher on the other blocks than the rate now in effect in the city of Riverside. Previously, these two cities had the same rate, but the schedule submitted in Application No. 5903, when rates were last fixed for both these districts, indicated that the cost of service in San Bernardino was higher than in Riverside, due in part to the local franchise tax which is charged only by the former city.

On August 25, 1921, Southern California Gas Company acquired the properties of Citrus Belt Gas Company in the cities of San Bernardino, Redlands, Colton and Corona at a net purchase price of \$364,038.39. Because of this consolidation of properties and questions which had been raised in previous rate complaints of the city of San Bernardino, the Commission has had its valuation department prepare an inventory and valuation of the present properties of Southern California Gas Company, which was submitted as Exhibit B in this proceeding. This valuation presents a segregation of capital to the various operating districts, but does not indicate separately the amount chargeable to the city of San Bernardino. In order to arrive at the investment chargeable to the city of San Bernardino only, it has been necessary to prorate the capital for most accounts from the San Bernardino district upon the basis of the number of consumers served. However, certain elements of capital in this district, such as transmission mains, involve

a relatively greater investment per consumer for the rural territory than the city. For this reason the allocation of this portion of the investment has been based upon a study of the use of the various lines. While a percentage of the investment in the Colton gas generating plant and the Chino-Colton natural gas transmission line is properly chargeable to the cost of service in the city of San Bernardino, this investment has been fully considered in determining the total cost of gas at the outlet of the Colton plant.

The value of all gas properties in the San Bernardino Valley Division of Southern California Gas Company as determined by the Commission's engineers is shown by the following figures. This tabulation sets forth a statement of the operative properties only. In the cities of San Bernardino and Redlands there was found to be a duplication of gas mains, services and meters. Investigation showed that in San Bernardino the majority of Citrus Belt Company's mains are useful to the present consolidated system. However, duplicate service lines could not be considered as useful or operative property.

TABLE I.

Southern California Gas Company, San Bernardino Valley Division—Valuation of Gas Properties, as of December 31, 1922.

	Colton plant and transmission line	San Bernardino district	Riverside district	Redlands district	Colton	Corona district	Total division
Intangibles -----	\$760	\$2,123	\$1,107	\$1,066	\$397	\$457	\$5,930
Lands and rights of way -----	3,830	8,421	2,928	4,463	-----	1,076	20,718
Production equipment -----	423,112	42,703	20,292	25,193	-----	7,843	519,233
Transmission mains and equipment -----	155,373	98,282	54,561	83,173	-----	50,074	441,463
Distribution equipment -----	-----	536,669	340,487	289,000	103,300	53,775	1,323,231
General equip- ment -----	7,767	41,277	27,771	16,412	3,276	4,392	100,895
Totals -----	\$590,842	\$729,565	\$447,146	\$419,327	\$106,973	\$117,617	\$2,411,470

The estimated rate base for San Bernardino city shown by Table II has been prepared by prorating on a consumer basis a proportion of most of the above amounts charged to the San Bernardino district, together with actual additions and betterments since the date of the appraisal and allowances for estimated further mean operative additions to be made during the ensuing rate year. The estimated investment in transmission mains chargeable exclusively to San Bernardino city is based upon the company's Exhibit No. 1, which presents an analysis of the proportionate use by the city of the several lines supplying the entire district. This estimate is more favorable to the city than a direct apportionment prorated upon a consumer basis.

TABLE II.

Southern California Gas Company—Estimated Rate Base for City of San Bernardino.
(Not including proportion of Colton plant and transmission line.)

For year ending June 30 1924.

Intangibles and franchises-----	\$1,198 00
Lands -----	7,250 00
Buildings -----	4,140 00
Holders -----	35,557 00
Transmission mains, boosters, etc.-----	56,668 00
Distribution mains -----	283,490 00
Services -----	125,100 00
Meters -----	91,835 00
Regulators -----	4,690 00
General structures -----	17,823 00
General equipment, office, tools, autos, miscellaneous-----	18,432 00
Total fixed capital-----	\$646,183 00
Materials and supplies-----	12,000 00
Working cash capital-----	16,100 00
Total for estimated rate base-----	\$674,283 00

A brief summary of the estimated proportion of operating revenues and expenses for San Bernardino city for the year 1922 is set forth in the following Table III:

TABLE III.

Southern California Gas Company—Analysis of Gas Operations, Year 1922.
San Bernardino City.

Domestic gas consumers, average-----	5,144
Domestic gas sales-----	175,440 M.c.f.
Industrial gas sales-----	6,182 M.c.f.
Revenue:	
Domestic gas revenue-----	\$201,694 41
Industrial gas revenue-----	2,001 12
Total -----	\$203,695 53
Expenses:	
Gas production costs-----	\$47,849 70
Distribution expense -----	43,565 00
Commercial expense -----	16,460 00
General expense -----	7,240 00
Uncollectible bills -----	1,689 92
Taxes -----	16,507 89
Depreciation -----	16,344 53
Amortization -----	1,400 00
Total operating charges-----	\$151,057 32
Net available for return-----	\$52,638 21
Investment (fixed capital)-----	\$734,327 00
Return, per cent-----	7.16

Attention has been directed in this proceeding to the accounting methods of defendant which according to testimony of representatives

of the company results in the charging to operating accounts of certain expenditures which should correctly be capitalized as overhead costs. In this way total operating expenses have to some extent been increased. A study has been made of these charges in order to determine the amount of deductions proper to make from operating accounts. Investigation indicates that defendant is now properly charging to capital accounts overhead costs other than the correct proportion of administration, legal and contingent expenses. Administration expense was established by the Commission at 2 per cent when determining overhead charges for this system. At present the other overhead charges listed are very nominal. Upon this basis there should be deducted from general operating expenses, as indicated by the company's books, the sum of approximately \$1,750 to cover administration and other expenses which should be capitalized.

An analysis of operating costs for the past year shows very definitely that distribution charges in the San Bernardino district are unusually high in comparison with similar districts of this and other companies. The average distribution cost per consumer per year was \$7.73 in San Bernardino in comparison with less than \$5 in all other districts studied. This higher cost results principally from heavy charges for repairs to mains, services and meters and the attendant inspection work. Without question the acquisition of the Citrus Belt Gas system has rendered it necessary that a considerable amount of deferred maintenance work be undertaken by Southern California Gas Company. After careful consideration of this situation it appears that all of such deferred maintenance costs should not be directly assessed to operating expenses chargeable to the cost of gas service, but should be considered by the company as a part of the purchase cost of acquiring the Citrus Belt Gas Company properties as this deferred maintenance existed at the time these properties were purchased. In its appraisal of the present consolidated properties of Southern California Gas Company, the Commission has not taken the purchase price as a basis, but has used the historical cost of the Citrus Belt properties remaining operative. The cost of deferred maintenance is a further payment for the property acquired and therefore is not properly chargeable to operating expenses in estimating rates.

The method of accounting for certain general charges of the San Bernardino office has been questioned in this proceeding. This office is in a measure a general office for the entire San Bernardino Valley Division, and certain minor operating charges from this source have in the past been made against the San Bernardino district only, instead of prorating them against the entire division. Consideration has therefore been given herein to a more equitable apportionment of these

charges. Complaint was also directed by Mr. Guthrie against the charges made by defendant for indemnity and casualty insurance. The charges for this insurance, which is carried by the company itself, are materially less than rates which would be charged by insurance companies for reasonable protection, and have therefore been allowed in the cost of service as estimated herein. Appropriate adjustment of charges for fire insurance has been made.

The city of San Bernardino has, in its closing brief, attacked the rate of return of 9 per cent previously allowed Southern California Gas Company in this district, alleging this rate to be excessive. It is to be borne in mind that defendant company only a few years ago undertook a heavy expenditure to bring natural gas to San Bernardino and Riverside. During the early period of this new service the company failed to earn a full return; in fact, during the period just following the introduction of natural gas earnings were but little more than operating expenses. On the other hand consumers benefited immensely because of greatly increased heating value of the gas and the general improvement of the service. This Commission has found it reasonable elsewhere to permit a 9 per cent rate of return for natural gas companies and there does not appear at this time sufficient reason to justify a reduction in this rate in San Bernardino. It has been alleged that defendant during the past year earned more than this rate. However, I can not agree entirely with Mr. Guthrie in the methods of the computations of earnings as presented in his closing brief. It is not to be considered unreasonable even if defendant should have earned more than the established rate during the past year, in view of the deficiency of earnings previously experienced. However, allowance is not included here for amortization of previous operating deficits.

At the time of the purchase of the Citrus Belt system, a considerable amount of nonoperative property was acquired, some of which had not recently been used by the Citrus Belt Company. There was a duplication of many service lines as well as a number of mains which are not necessary in rendering services at this time. The old gas plant has been entirely abandoned with certain exceptions, notably a gas holder which is connected to the distributing system by a three-inch line. Testimony indicates this holder is generally inoperative except in emergency periods, when the city pressure falls below the holder pressure. If defendant maintains this line and holder as operative property, it is reasonable that measures should be taken to install adequate boosting apparatus to pump the gas out of this holder into the distribution mains. Allowance is made herein for the amortization of the depreciated value of gas plant equipment as found by the Com-

mission's engineers and previously used by Citrus Belt Gas Company for the service of artificial gas. Such an allowance is reasonable, especially in view of the great improvement in the quality and value of the service now being rendered to former Citrus Belt Company consumers. A study of the remaining value of the nonoperative property acquired from Citrus Belt Gas Company exclusive of duplicated mains and services shows a net amount of approximately \$13,653 to be amortized, which upon a ten-year basis would require an annuity of \$1,855. In addition to the above amount, there was found by Decision No. 9404, page 405, volume 20, Opinions and Orders of the Railroad Commission, nonoperative property of Southern California Gas Company in the San Bernardino district to the value of \$10,696.73, for which provision was made to amortize it over a seven-year period from August 23, 1921. The annuity chargeable to the city of San Bernardino for the following five years to amortize this nonoperative property amounts to \$1,380, thus making total present charges for amortization of \$3,235.

In preparing an estimate of the cost of domestic service for the ensuing year, gas production costs have been determined at the outlet of the Colton plant. These costs include interest and depreciation on the Chino-Colton transmission line and the Colton gas plant as indicated by the Commission's Exhibit D. The following figures set forth an estimate of operations for the year ending June 30, 1924:

TABLE IV.

Southern California Gas Company—Estimate of Gas Operations, 1923-1924.

San Bernardino City.

Consumers, average	6,640
Estimated domestic gas sales	228,380 M.c.f.
Estimated industrial sales (prorated from district on basis of consumers)	42,500 M.c.f.
Gas for domestic send-out	258,500 M.c.f.
Operating expenses:	
Gas production costs at \$0.323 per M.c.f.	\$83,550 00
Transmission and distribution expenses	31,200 00
Commercial expense	23,350 00
General expenses	10,680 00
Uncollectible bills	1,700 00
Subtotal	\$150,480 00
Fixed charges:	
Interest on rate base	\$60,685 00
Depreciation	14,217 00
Amortization	3,235 00
Subtotal	78,137 00
Taxes	24,180 00
Total	\$252,797 00
Credit net revenue from industrial gas sales	3,230 00
Total estimated net cost of service	\$249,567 00

The foregoing estimate of operating expenses chargeable to the city of San Bernardino for this year ending June 30, 1924, shows a slightly lesser average cost for gas per thousand cubic feet than was experienced during the immediately preceding twelve months. The following rates modify the present charges to the extent of the estimated reduction in costs and should yield the company a return of 9 per cent upon its investment.

I submit the following form of order:

ORDER.

Complaint having been filed with the Railroad Commission by the city of San Bernardino against the rates and charges made by Southern California Gas Company for the service of gas in the city of San Bernardino, public hearings having been held, and the matter having been submitted and being now ready for decision, the Railroad Commission hereby finds as a fact that the rates now being charged by Southern California Gas Company in the city of San Bernardino, in so far as they differ from the rates herein established, are not just and reasonable rates for the sale of gas for domestic and commercial purposes.

Basing its order upon the foregoing findings of fact and other findings of fact contained in the opinion which precedes this order;

It is hereby ordered, that schedule No. C-2 of Southern California Gas Company for the sale of gas in the city of San Bernardino for domestic and commercial purposes be canceled and that schedule C-1 be revised as follows and made effective for all regular meter readings taken on and after the twentieth day of November, 1923:

Schedule No. C-1—San Bernardino Valley Division.

General Service.

Applicable to domestic and commercial service for lighting, heating and cooking.

Territory.

Applicable within the incorporated limits of the cities of San Bernardino and Riverside.

Rate.

First 3,000 cu. ft. per meter per month-----	\$1 25 per M.c.f.
Next 7,000 cu. ft. per meter per month-----	1 15 per M.c.f.
Next 10,000 cu. ft. per meter per month-----	1 05 per M.c.f.
Next 30,000 cu. ft. per meter per month-----	90 per M.c.f.
All over 50,000 cu. ft. per meter per month-----	75 per M.c.f.

Minimum Charge.

\$1.00 per meter per month.

Special Conditions.

Consumers served under this schedule have priority in the use of gas over consumers served under schedules Nos. C-4, C-5 and C-6 at times when there may be an insufficiency of gas to supply the demands of all consumers.

It is hereby further ordered, that Southern California Gas Company file with the Railroad Commission on or before November 15,

1923, the foregoing schedule of rates for the service of domestic gas in the city of San Bernardino.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this twenty-third day of October, 1923.

DECISION No. 12741.

CITY OF REDLANDS, A MUNICIPAL CORPORATION OF THE SIXTH CLASS,

vs.

SOUTHERN CALIFORNIA GAS COMPANY.

Case No. 1821.

Decided October 23, 1923.

RATES—GAS UTILITIES.—Rates of Southern California Gas Company in the city of Redlands are reduced 20 per cent, the top rate being reduced from \$2 to \$1.60 per 1000 cubic feet. The fact that the new rates will not result at the present time in producing a full return upon the investment is pointed out by the decision. The investment of the defendant corporation is fixed at \$460,617, and the return per cent on fixed capital is fixed at 6.16 per cent.

F. A. Leonard, City Attorney, for Redlands.

Geo. Hinckley, City Engineer, for Redlands.

Jared How and *T. J. Reynolds*, for Defendant.

BRUNDIGE, Commissioner.

OPINION.

This complaint of the city of Redlands against Southern California Gas Company filed with the Railroad Commission on October 4, 1922, alleges that the rates now being charged by defendant for the service of gas in the city of Redlands are unreasonable, excessive and unjust and not in harmony with the gas rates charged in other localities in that vicinity, and prays that the Railroad Commission fix just and reasonable rates for gas service in the city of Redlands.

A hearing was held in this matter in Redlands before former Commissioner Benedict, and adjourned hearings were later held in Los Angeles, at which times this proceeding was consolidated with that of Case No. 1776, being the complaint of San Bernardino against the rates charged by Southern California Gas Company for service in that city. Both of these cases involved to a large extent consideration of the same matters inasmuch as Redlands and San Bernardino are both portions of a larger operating district, all of which is supplied from a single transmission line and a central gas generating plant located at Colton. This plant renders standby service for the production of artificial gas

during the winter, and also pumps the natural gas into the distributing system.

Evidence in the form of testimony and exhibits was presented by the company and by the Commission's gas engineer, H. L. Masser. An inventory and valuation of the gas property of Southern California Gas Company in its entire San Bernardino Valley Division was submitted by the Commission's valuation engineer, R. M. Vaughan, and assistant engineer, C. C. Brown. The figures derived by this valuation have been used in determining the rate base for this proceeding. However, it has been necessary to make certain arbitrary apportionments of a number of elements of capital, such as transmission mains which are used jointly for the benefit of several districts. Further, the city of Redlands is intimately interconnected with the immediately adjacent unincorporated district and it has therefore been necessary to apportion most capital accounts upon the basis of the number of consumers served. The Colton gas plant and the Chino-Colton transmission line both render material service to the city of Redlands, and a part of the investment in each of these is properly chargeable in determining the cost of service to the city of Redlands. Interest and depreciation charges on these items have been considered in the determination of the cost of gas delivered to the Redlands district.

The following is the schedule of domestic rates now in effect for gas service in the city of Redlands:

Southern California Gas Company—Schedule C-8.

First 3,000 cu. ft. per meter per month-----	\$2 00 per M.c.f.
Next 7,000 cu. ft. per meter per month-----	1 50 per M.c.f.
Next 10,000 cu. ft. per meter per month-----	1 25 per M.c.f.
Next 30,000 cu. ft. per meter per month-----	1 00 per M.c.f.
All over 50,000 cu. ft. per meter per month-----	90 per M.c.f.
Minimum charge \$1 per meter per month.	

The rates being charged in the cities of Riverside and San Bernardino are \$1.25 per M.c.f. and \$1.30 per M.c.f. for the first three thousand cubic feet, respectively; and it is partly because of this wide differential that complaint has been made herein.

Southern California Gas Company on August 25, 1921, purchased the properties of Citrus Belt Gas Company, which included the gas plant and system in the city of Redlands. Previously, artificial gas made from oil and of relatively poor quality had been distributed in this district. The service rendered by Citrus Belt Gas Company was most unsatisfactory and many interruptions occurred with prolonged periods of complete failure of the gas supply. Further, due to the low quality of the gas, many unreasonably high bills were experienced prior to the purchase by Southern California Gas Company. Shortly after

acquiring these properties Southern California Gas Company constructed a transmission main to Colton, and on September 25, 1921, commenced the service of natural gas in Redlands. This promptly resulted in a vast improvement of the service, and was practically equivalent to a 50 per cent reduction of rates.

Because of the neglected condition of the Citrus Belt properties, defendant has been obliged to do a large amount of deferred maintenance work upon the gas distribution system. The generating plant equipment other than holders and boosters has now been abandoned, as it is no longer required with the service of natural gas and with the standby facilities which are available from the Colton plant.

In view of the great improvement in the service now being rendered since the acquisition of these properties by Southern California Gas Company, and with the change from artificial to natural gas and resulting benefit to consumers, it is proper that defendant should be permitted in this case to amortize the depreciated value, less salvage, of the artificial gas generating plants which have been used by Citrus Belt Gas Company. Investigation has shown, however, that in the city of Redlands there was a considerable amount of gas plant equipment abandoned by predecessor companies to the Citrus Belt Gas Company. Further, a large number of gas service lines and certain mains were duplicated by the earlier companies, with the result that a great number of these services were not useful for the purpose of supplying gas. Consideration is not given herein for the amortization of any of the gas plant equipment which was not used by Citrus Belt Gas Company, nor of the duplicated service lines which can not properly be used in rendering service at this time. Inventories of nonoperative property found by the Commission's engineers show a remaining value of \$19,144 excluding duplicated service lines. The amortization of this over a ten-year period, based upon the 6 per cent sinking fund method, would require an annuity of \$2,613.

The following figures set forth the local fixed capital directly chargeable to the city of Redlands as determined from a study of the total capital invested in the entire Redlands district from which the proportionate part has been prorated to the city upon a consumer basis:

TABLE I.

Southern California Gas Company—Historical Cost of Gas Properties as of December 31, 1922.

	Redlands city, estimated	Redlands district
C- 1 Organization	\$475 00	\$484 00
C- 2 Franchises	568 00	568 00
C- 4 Intangibles	33 00	34 00
C- 5 Lands and rights of way	4,383 00	4,463 00
C- 8 Gas holders	25,193 00	26,193 00
C-18 Transmission mains	80,000 00	81,460 00
C-20 Boosting apparatus	1,692 00	1,723 00
C-22 Distribution mains	187,723 00	191,711 00
C-23 Gas service	46,846 00	49,632 00
C-24 Gas meters	40,696 00	45,871 00
C-25 Gas regulators	1,755 00	1,788 00
C-31 General structures	7,810 00	7,956 00
C-32 General equipment:		
(a) Office	4,730 00	4,815 00
(b) Tools	748 00	7,520 00
(c) Autos	2,840 00	2,890 00
Totals	\$405,492 00	\$419,327 00

A brief summary of the operations of Southern California Gas Company in the city of Redlands for the year 1922, which was the first entire calendar year for the service of natural gas in this district, is shown by the following figures:

TABLE II.

Southern California Gas Company—Summary of Gas Operations, City of Redlands, 1922.

Number of domestic consumers, average	2,545
Domestic gas sales	49,934.3 M.c.f.
Industrial gas sales	10,047.2 M.c.f.
Revenue:	
Domestic gas sales	\$91,855 95
Industrial gas sales	3,199 41
Miscellaneous	31 00
Total revenue	\$95,086 36
Operating expenses:	
Estimated proportion production costs	\$15,110 43
Estimated proportion distribution	19,796 80
Estimated proportion commercial	9,472 00
Estimated proportion general	2,100 00
Estimated proportion system general	1,525 00
Uncollectible bills	261 71
Taxes	9,135 11
Depreciation	9,323 13
Total operating charges	66,884 18
Net available for return	\$28,362 18
Investment:	
Local distributing system and proportion of Colton plant and transmission line	\$460,617 00
Return per cent (fixed capital)	6.16

Because of the fact that gas is distributed from the Colton plant to all the surrounding districts in the San Bernardino Valley Division, a determination has been made of the unit cost of gas per thousand cubic feet at the outlet of the Colton plant, and an appropriate charge made for the volume supplied to each district. Under the interrelated conditions of operation it is extremely difficult to arrive at an exact figure of actual operating expense properly chargeable to any individual district of the entire San Bernardino Valley Division of Southern California Gas Company. However, reasonably accurate estimates can be made, as herein, for the determination of rates.

The evidence in this case, as shown by operating figures of the gas company, indicates that a return of but little over 6 per cent was realized for the calendar year 1922. A study of operations in Redlands shows that gas sales per consumer have been low partly because of the recent changes from artificial to natural gas, and partly because of climatic and other local conditions which existed in Redlands with the service of artificial gas. Further, a relatively high rate has possibly tended to minimize the use of gas. A materially lesser rate should, on the other hand, tend to increase gas sales, and the commission therefore desires to put into effect, with the consent of Southern California Gas Company, a low experimental rate. While such a rate can not be justified at this time from the standpoint of actual cost of the service, it is believed that it will stimulate appreciably the sale of gas under the conditions that now exist in the city of Redlands, and also overcome the wide differential between charges in adjacent communities. The rates hereinafter set forth are based on an increase in gas sales, which is indicated by the trend of experience during the past twelve months and should, within a short time, provide a reasonable return upon the investment.

I submit the following form of order:

ORDER.

Complaint having been filed with the Railroad Commission by the city of Redlands against the rates and charges made by Southern California Gas Company for the service of gas in the city of Redlands, public hearings having been held, and the matter having been submitted and being now ready for decision, the Railroad Commission hereby finds as a fact that the rates now being charged by Southern California Gas Company in the city of Redlands, in so far as they differ from the rates herein established, are not just and reasonable rates for the sale of gas for domestic and commercial purposes.

Basing its order upon the foregoing findings of fact and other findings of fact contained in the opinion which precedes this order;

It is hereby ordered, that schedule No. C-8 of Southern California Gas Company for the sale of gas in the city of Redlands for domestic and commercial purposes be revised in accordance with the following schedule, effective for all regular meter readings taken on and after the twentieth day of November, 1923:

Schedule No. C-8—San Bernardino Valley Division.

Lighting, Heating and Cooking Service.

Applicable to all domestic and commercial lighting, heating and cooking service.

Territory.

Applicable within the incorporated limits of the city of Redlands and territory east of Loma Linda supplied from Redlands transmission line or distributing system.

Rate.

First 5,000 cu. ft. per meter per month-----	\$1 60 per M.c.f.
Next 5,000 cu. ft. per meter per month-----	1 50 per M.c.f.
Next 10,000 cu. ft. per meter per month-----	1 25 per M.c.f.
Next 30,000 cu. ft. per meter per month-----	1 00 per M.c.f.
All over 50,000 cu. ft. per meter per month-----	90 per M.c.f.

Minimum Charge.

\$1.00 per meter per month.

Special Conditions.

Consumers served under this schedule have priority to the use of gas over consumers served under schedules Nos. C-4, C-5, C-6, C-10, and C-11, at times when there may be an insufficiency of gas to supply the demands of all consumers.

It is hereby further ordered, that Southern California Gas Company file with the Railroad Commission on or before November 15, 1923, the foregoing schedule of rates for the service of domestic gas in the city of Redlands.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this twenty-third day of October, 1923.

DECISION No. 12747.

IN THE MATTER OF THE APPLICATION OF SOUTHERN CALIFORNIA EDISON COMPANY, A CORPORATION, FOR AUTHORITY TO MAKE, EXECUTE AND DELIVER A TRUST INDENTURE COVERING ALL OF ITS PROPERTIES OF EVERY KIND AND CHARACTER WHATSOEVER TO SECURE A BONDED INDEBTEDNESS ALREADY AUTHORIZED AND TO BE HEREAFTER AUTHORIZED AND TO ISSUE AND SELL TWELVE MILLION FIVE HUNDRED THOUSAND DOLLARS FACE VALUE OF BONDS TO BE ISSUED UNDER, AND SECURED BY, SAID TRUST INDENTURE.

Application No. 9466.

Decided October 24, 1923.

Roy V. Reppy, for Applicant.

BY THE COMMISSION.

.OPINION.

Southern California Edison Company asks permission to execute a trust indenture and to issue and sell, at not less than 94½ per cent of their face value plus accrued interest, \$12,500,000 of its refunding mortgage 6 per cent twenty-year gold bonds of the "series of 6's due 1943," for the purpose of financing the cost of additions and improvements to its plants and properties.

Southern California Edison Company as of August 31, 1923, reports its bonded debt outstanding in the hands of the public as \$89,452,700 including \$54,144,000 of general and refunding mortgage bonds due February 1, 1944; \$30,424,700 of underlying bonds, and \$4,884,000 of 7 per cent debentures. In addition, applicant has guaranteed the payment of \$371,000 of Shaver Lake Lumber Company bonds.

Applicant intends to execute a trust indenture to secure the payment of an authorized bonded indebtedness of \$250,000,000 and such further bonded indebtedness which may be hereafter authorized by its stockholders.

Applicant now has outstanding under its general and refunding mortgage bonds in the amount of \$54,144,000. All of these bonds mature February 1, 1944. The general and refunding mortgage does not permit the company to issue bonds of different maturities. The result is that applicant, if it issued any additional bonds under its general and refunding mortgage, will at some time in the future find it necessary to refund at one time a large bonded indebtedness. Moreover, the general and refunding mortgage provides only for an authorized bond issue of \$136,000,000. Of this authorized issue, \$54,144,000 are now outstanding, approximately \$30,424,700 are reserved to refund underlying bonds, leaving \$51,431,300 available for issue and sale. Applicant has heretofore, in Application No. 8591, filed a statement in which it estimates its construction expenditures during the current and five succeeding years, as follows: 1923, \$26,000,000; 1924, \$19,452,000; 1925, \$24,407,000; 1926, \$17,745,000; 1927, \$13,375,000; 1928, \$13,000,000; total, \$113,979,000.

The bonds available for issue and sale under applicant's general and refunding mortgage are not sufficient to provide 75 per cent of the money necessary to complete the work outlined in Application No. 8591. Rather than issue any additional bonds under its general and refunding mortgage, applicant has concluded to execute a new mortgage or deed of trust, securing the payment of an authorized bonded indebtedness of \$250,000,000 and such further bonded indebtedness which may be hereafter authorized by its stockholders. The new mortgage or deed of trust will permit of the issue of bonds in series of different maturities and at different rates of interest. There has not been filed

with the Commission a copy of the proposed mortgage or deed of trust. A final order will be made in this proceeding only after there has been filed with the Commission a copy of the trust indenture which applicant asks permission to execute.

Applicant at this time requests authority to issue and sell, at not less than 94½ per cent of their face value and accrued interest, \$12,500,000 of the bonds, the payment of which will be secured by the new mortgage or deed of trust. These bonds will be "series of 6's" due October 1, 1943.

As of August 31, 1923, applicant reports \$13,103,030.20 (Exhibit No. 6) of construction expenditures, against which the Commission has not authorized the issue of any securities. To finance in part such construction expenditures, and construction expenditures subsequent to August 31, 1923, applicant has issued short term notes in the amount of \$11,600,000 (Exhibit No. 5). It is of record that the proceeds from the sale of the bonds will be used to pay the notes. If the bonds are sold at 94½, applicant will realize from such sale \$11,812,500, excluding the accrued interest. The difference between the amount realized and the notes payable amounts to \$212,500. This amount may be used by applicant to reimburse its treasury because of earnings expended for construction purposes.

ORDER.

Southern California Edison Company having applied to the Railroad Commission for permission to execute a trust indenture, and to issue and sell \$12,500,000 of bonds, a public hearing having been held before Examiner Fankhauser, and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for by such issue is reasonably required by applicant, and that the expenditures herein authorized are not in whole or in part reasonably chargeable to operating expenses or to income, and that this application should be granted, as herein provided; therefore

It is hereby ordered, that Southern California Edison Company be and it is hereby authorized to issue and sell, at not less than 94½ per cent of their face value plus accrued interest, \$12,500,000 of its refunding mortgage 6 per cent twenty-year gold bonds. The authority herein granted is subject to further conditions as follows:

1. None of the bonds herein authorized to be issued shall be delivered until the Commission by supplemental order has authorized applicant to execute a mortgage or deed of trust to secure the payment of the bonds.

2. Upon being authorized to execute a mortgage or deed of trust to secure the payment of the \$12,500,000 of bonds, applicant shall use \$11,600,000 of the proceeds obtained from the sale of such bonds to

pay the notes listed in Exhibit No. 5, and shall use the remainder of the proceeds obtained from the sale of such bonds to reimburse its treasury on account of earnings expended for additions and betterments.

3. Only such construction expenditures as are properly chargeable to capital account under the uniform system of accounts prescribed by this Commission shall be financed through the payment of notes and the reimbursement of applicant's treasury.

4. The authority herein granted to issue bonds will become effective when applicant has paid the fee prescribed by section 57 of the Public Utilities Act, which fee is \$6,125, and will expire on April 1, 1924.

5. Applicant shall keep such record of the issue, sale and delivery of the bonds herein authorized, and of the disposition of the proceeds as will enable it to file, on or before the twenty-fifth day of each month, a verified report, as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

Dated at San Francisco, California, this twenty-fourth day of October, 1923.

DECISION No. 12749.

IN THE MATTER OF THE APPLICATION OF SOUTHERN PACIFIC COMPANY FOR AN ORDER AUTHORIZING THE CONSTRUCTION AT GRADE OF FOUR (4) SIDETRACKS CROSSING MOUNT VERNON AVENUE IN THE CITY OF BAKERSFIELD, COUNTY OF KERN, STATE OF CALIFORNIA.

Application No. 9139.

FRANCIS J. TEBEAU, JOE SMITH, L. S. ABEL AND HENRY WILLIAM SCOTT

vs.

SOUTHERN PACIFIC RAILROAD, A CORPORATION, AND ATCHISON, TOPEKA AND SANTA FE RAILWAY, A CORPORATION.

Case No. 1945.

Decided October 25, 1923.

W. H. Hobbs, for Applicant.

Francis J. Tebeau, for Complainants.

MARTIN, Commissioner.

OPINION ON ORDER FOR REOPENING PROCEEDING.

The above entitled matters originally came before the Commission in the form of an application by Southern Pacific Company for permission to construct four sidetracks at grade across Mount Vernon avenue.

Attached to this application was a certified copy of a permit granted by the board of supervisors of Kern County, on June 4, 1923, for the construction of these four tracks across Mount Vernon avenue. After the usual investigation, in accordance with the Commission's customary procedure, an *ex parte* order (Decision No. 12338) was made by the Commission on July 13, 1923, in which the application was granted subject to certain conditions.

Francis J. Tebeau et al. on August 27, 1923, filed a formal complaint (Case No. 1945) setting forth that the construction of four additional tracks at grade crossing across said Mount Vernon avenue would make a greater menace to life and property, and asking that a subway be installed under these tracks at said Mount Vernon avenue. The Commission, thereupon, on August 27, 1923, issued its order reopening proceeding in Application No. 9139 and a public hearing was held on both of the above entitled proceedings in Bakersfield, Friday, September 7, 1923. At the hearing it was stipulated by complainant and by defendant in Case No. 1945 that they both waive service of the complaint and that said complaint be heard at this time.

The railroad, at this location, consists of two main line tracks and one sidetrack, which are owned, operated and maintained by Southern Pacific Company and over which The Atchison, Topeka and Santa Fe Railway Company have the right to operate trains by virtue of a joint track agreement. The railroad runs in an easterly and westerly direction between Bakersfield and Magunden and the crossing of Mount Vernon avenue is located about one-half mile easterly of the easterly city limits of Bakersfield.

The applicant proposes to construct the four additional tracks from a point easterly of Mount Vernon avenue and extending thence westerly and parallel to the existing tracks to the vicinity of Haley street, located within the city of Bakersfield about one mile westerly of Mount Vernon avenue. It appears that these tracks would be used to make up trains of one hundred cars or less and that when installed, about 40 per cent of the switching movements over Haley street would be eliminated and switching movements over Mount Vernon avenue would be increased by about the same amount. If the tracks were built without crossing Mount Vernon avenue they would not be long enough to accommodate one-hundred-car trains. Westbound freight trains are made up in a maximum of one-hundred-car units and it is for the purpose of making up these westbound trains that the proposed tracks are being constructed.

Mount Vernon avenue is a north and south street connecting Virginia Colony, south of the railroad and east of the city limits of Bakersfield, with the subdivisions north of the railroad tracks and east of the city limits of Bakersfield. About 75 school children from the Virginia

Colony use the crossing in going to and coming from the Williams school, which is located north of the tracks at the intersection of Virginia and Niles streets, this being the most accessible school for these children to attend.

The county now has under construction a general hospital located at the intersection of Flower and Orange streets. When completed the hospital will have a general hospital unit, a detention home, an old people's home and a tubercular hospital. People from a portion of Bakersfield, Virginia Colony, the Arden and Weed Patch district will use Mount Vernon avenue crossing to get to this hospital. Many residents north of the railroad tracks use this crossing in going to the business district of Bakersfield.

Applicant submitted a traffic check taken at the crossing on September 4, 1923, between the hours of 6 a.m. and 6 p.m., which showed that 197 autos, 37 trucks, 29 pedestrians and 22 miscellaneous vehicles, or a total of 285 movements, passed along Mount Vernon avenue and over the tracks, and that during the same period 6 passenger trains, 19 freight trains, and 6 switching movements passed over the crossing. Complainants submitted a traffic check taken at the crossing on September 6, 1923, between the hours of 5 a.m. and 11 p.m., which showed that 235 autos crossed over the tracks at Mount Vernon avenue.

North of and adjacent to the railroad right of way is located the East Side Canal, a canal about 30 feet wide and $3\frac{1}{2}$ feet deep, and south of and adjacent to the railroad right of way is located a paved county highway extending easterly from Bakersfield to Magunden and Mojave.

There is no question but that the cost of a subway would be quite large, due to the existence of the canal and highway adjacent to the crossing, and that the volume of traffic over the crossing at the present time does not justify a large expense for constructing the subway under the tracks. The board of supervisors of Kern County issued its minute order on September 17, 1923, in response to a letter written by the Commission, dated September 11, 1923, signifying that there were no funds available at the present time in the third supervisorial district, or in the county, that can be applied toward the separation of grades at the Mount Vernon avenue crossing.

The following form of order is submitted:

ORDER.

A public hearing having been held on both of the above entitled proceedings, the Commission being apprised of the facts, the matters being under submission and ready for decision;

It is hereby ordered, that the proceeding instituted for reopening proceeding in Application No. 9139 be and it is hereby dismissed and

that the Commission's Decision No. 12338, dated July 13, 1923, and all conditions thereof shall be and continue in full force and effect.

It is hereby further ordered, that Case No. 1945 be and it is hereby dismissed.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this twenty-fifth day of October, 1923.

DECISION No. 12759.

IN THE MATTER OF THE APPLICATION OF THE PITTSBURG-SACRAMENTO AUTO FERRY, INCORPORATED, A CORPORATION, FOR LEAVE TO ISSUE AND SELL CAPITAL STOCK.

Application No. 8268.

Decided October 26, 1923.

BY THE COMMISSION.

SECOND SUPPLEMENTAL ORDER.

The Railroad Commission by Decision No. 11048, dated October 3, 1922, authorized the Pittsburg-Sacramento Auto Ferry, Incorporated, to issue and sell on or before June 30, 1923, \$250,000 of its common capital stock.

In a supplemental petition filed August 23, 1923, the company reports that it sold only \$1,100 of this stock. It asks the Commission to grant it additional time within which to sell the stock. Since October 3, 1922, the Public Utilities Act has been amended and, as amended, requires those who wish to operate any vessel between points exclusively on the inland waters of this state to obtain from the Commission a certificate declaring that present or future public convenience and necessity require or will require such operation. Applicant has filed no application for such certificate, and under the law now in force has no permit to operate a ferry between Pittsburg, Contra Costa County, and the shore of Solano County at or near the town of Collinsville. The Commission has considered applicant's request and is of the opinion that the request for additional time to sell stock should not at this time be granted.

It is therefore ordered, that the supplemental petition filed in the above entitled matter August 23, 1923, be and it is hereby dismissed without prejudice.

Dated at San Francisco, California, this twenty-sixth day of October, 1923.

DECISION No. 12761.

IN THE MATTER OF THE INVESTIGATION OF THE ELECTRIC RATES,
SERVICE AND OPERATIONS OF COAST VALLEYS GAS AND ELEC-
TRIC COMPANY, ON THE COMMISSION'S OWN MOTION.

Case No. 1852.

Decided October 27, 1923.

RATES—ELECTRIC UTILITY.—Electric rates of Coast Valleys Gas and Electric Com-
pany are reduced by the Commission, the average reduction in lighting rates
being 8 per cent. Two uniform lighting rates are provided one for towns
and the other for rural territory. Industrial rates are reduced on the average
8 per cent except to those users whose operations throughout the month are
unusually uniform. Rates for these users are increased slightly.

AGRICULTURAL RATES—COMPANY MUST FURNISH TRANSFORMERS.—Rate for agri-
cultural consumers is reduced approximately 14 per cent, in addition to requir-
ing the company to furnish transformers which have heretofore been furnished
by consumers.

James F. Pollard, for Coast Valleys Gas and Electric Company.

Devlin and Brookman, by *Frank R. Devlin*, for certain residents and property owners
in Pebble Beach and vicinity.

F. S. Brittain and *T. C. Nelson*, for California Farm Bureau Federation and
Monterey County Farm Bureau.

J. H. Anderson, City Attorney, for City of Salinas.

H. G. Jorgensen, City Attorney, for City of Pacific Grove.

MARTIN, *Commissioner*.

OPINION.

This proceeding is an investigation initiated by the Railroad Com-
mission, on its own motion, to determine whether and to what extent
increases in the electric rates of Coast Valleys Gas and Electric Com-
pany authorized during the recent period of high prices should be con-
tinued in the future.

Coast Valleys Gas and Electric Company was incorporated March 18,
1912, and is the successor of a number of smaller utility corporations
formerly operating in Monterey County. For more detailed descrip-
tion of the history and past operations of these underlying properties,
reference is made to Decision No. 4847 of this Commission (14 C. R. C.
460). The company now supplies water in Salinas and King City and
gas in Pacific Grove, Monterey and Salinas and electricity in Pacific
Grove, Monterey, Salinas and King City and generally throughout the
Salinas Valley north of San Ardo. On a gross revenue basis, the
electric department constitutes about three-quarters of the company's
total business.

Steam generating plants of a total capacity of 1375 kilowatts, which
formerly supplied the energy distributed by the underlying companies
in Monterey, Salinas and King City, are now maintained for standby
purposes. The bulk of the energy distributed is purchased from Pacific

Gas and Electric Company as lessee of the system of Sierra and San Francisco Power Company, the peak load, which occurs during the summer months, being in the neighborhood of 7000 kilowatts. This energy is received at Salinas and Alisal and distributed through the territory served by means of a 60,000-volt transmission line from Salinas to King City and a 22,000-volt line from Salinas to Monterey, totaling approximately 133 miles in length. Fourteen substations along these transmission lines supply about 700 miles of distribution line to which are connected over 6000 consumers. A large part of the energy sold is used in rural territory for irrigation purposes and of the 1922 gross electric revenue of \$490,000, \$232,000, or not quite one-half, was collected outside of incorporated cities and towns.

The electric rates of this company were first brought before the Commission by the individual complaints of the various cities served and later, in 1917, a complete inventory and appraisal of the property and audit of the books were made and rates fixed for electric, gas and water service (Decision No. 4847, 14 C. R. C. 460). In 1919 increases in the cost of operation and purchased power impelled the company to apply for authority to increase its rates. By Decision No. 6193 (16 C. R. C. 552) the Commission authorized surcharges upon practically all of the company's rates. In 1920 application was made for further increase in rates and by Decision No. 7967 (18 C. R. C. 628) certain of the previously authorized surcharges were increased. The rates which became effective as a result of those decisions are now in effect upon the system of Coast Valleys Gas and Electric Company as it existed at the time of the last decision. On December 30, 1922, the property of Del Monte Light and Power Company was acquired by purchase and the rates of that company, as they existed prior to the purchase, are now in effect upon the property so acquired.

As a part of the present investigation, public hearings were held at Salinas on February 13 and April 3, 1923, at which evidence was taken from consumers, representatives of the company and the Commission's engineer. Since the submission of the matter at the last mentioned hearing, further investigation and study have been made and the matter is now ready for decision.

In connection with any prospective reduction in rates, the company urges that, as measured by the results of operations for the year 1923, the rates to which it is entitled should produce a gross revenue from

consumers of not less than \$512,716; the derivation of this figure being shown in the following table:

TABLE No. 1.

Coast Valleys Gas and Electric Company—Electric Department.

Company's Estimate of Reasonable Gross Revenue for Year 1923, Summarized from Defendant's Exhibit 4.

Rate base	\$2,007,950 00	
Return at 8 per cent.....		\$160,636 00
Depreciation		44,315 00
Operating expenses		324,765 00
Total gross revenue.....		\$529,716 00
Deduct interdepartmental revenue.....		17,000 00
Gross revenue from consumers.....		\$512,716 00

The first of the figures shown in the above table for the claimed rate base of \$2,007,950, is supported by the summary of an appraisal of the company's property made as of November 30, 1922. This appraisal purports to show the cost of reproduction of the property at present-day prices, less depreciation, which, according to the testimony, is estimated partly upon the age and probable lives of various items of the property but more largely upon their operative value. The company urges the fixing of rates upon this depreciated reproduction cost rather than upon historical cost or investment, as this Commission has done for many years.

A similar contention was raised by Pacific Gas and Electric Company, whose rates were recently before the Commission, and was urged even more strongly and insistently than in the present case. In connection with that proceeding, the arguments supporting the use of depreciated reproduction cost as a rate base were very carefully considered and were discussed at length, in Decision No. 11457, dated December 30, 1922. The conclusion reached was that the use of historical cost or investment as the controlling factor in the rate base should be adhered to. The same considerations that prompted such a decision in that case are, to a large extent, found in the present case and the discussion of the problem need not be repeated here in detail. In this case, as in the past, we will use the historical cost of the property or the reasonable investment as the basis of rates rather than the so-called "present value," which, it may be noted in passing, is a hypothetical cost rather than a true value.

The company has presented alternative figures showing that on the basis of historical cost or investment, the total rate base for the year 1923 would be \$1,717,759. This figure is reached by adding to the rate base found by this Commission in 1917 the additions and betterments shown on the company's books and the usual allowances for

working cash capital and investment in the materials and supplies kept on hand for the operation of the property.

TABLE No. 2.

Coast Valleys Gas and Electric Company—Electric Department.

Rate Base for Year 1923—Based on Investment.

Rate base found in Decision No. 4847—Table XII, Electric department		\$845,021 50
General capital	\$83,685 59	
Electric department pro rata of general		62,588 45
Total electric department, June 30, 1917		\$907,609 95
Additions and betterments to December 31, 1922		555,272 73
Fixed capital, December 31, 1922		\$1,462,882 68
Half of estimated additions, 1923		177,799 00
Average fixed capital, 1923		\$1,640,681 68
Working cash capital		45,076 90
Material and supplies		32,000 00
Total rate base, year 1923		\$1,717,758 58

The company's books and records are kept in accordance with the Commission's requirements, and as a part of the present investigation, a check was made as to the accuracy of the bookkeeping methods employed and as to the care taken in making deductions from capital account when items of property are removed from service. For the purpose of the present proceeding, the actual additions and betterments from June 30, 1917, to December 31, 1922, will be accepted as shown.

Estimates of the cost of additions to property during the year 1923 have been examined and certain deductions appear proper. Among these additions there was included certain voltage regulating equipment which the company anticipated it might have to install. As the result of our recent decision (Decision No. 12683, October 4, 1923), fixing the quality of the service to be supplied by Pacific Gas and Electric Company, this equipment will not have to be installed by Coast Valleys Gas and Electric Company and its estimated cost will, therefore, be deducted from the anticipated investment for 1923. After making this and other smaller deductions, we will use the figure of \$150,000 for these additions instead of \$177,799 as estimated by the company.

The claim of \$45,076.90 for working cash capital appears to be somewhat out of line with the basis which we have heretofore followed. A reasonable figure for this item appears to be the cost of the purchased power for one month, plus other operating expenses, exclusive of taxes and depreciation for two months. Upon this basis, we find the allowance of \$32,500 for working cash capital to be reasonable.

In connection with the claim of \$32,000 for materials and supplies kept on hand for operating purposes, it must be remembered that the 1917 rate base, from which the present figures are built up, included an allowance for this item which was considered reasonable under the conditions as they then existed. Considering the growth of the company since that time as well as the fact that this item should cover only those supplies kept on hand for operation and not those held for construction work, we find an allowance of \$25,000 to be reasonable in the present proceeding.

Figures submitted by the company show that on December 31, 1922, it had on hand \$39,362 which had been advanced by consumers on account of the construction of distribution line extensions. These advances were, many of them, made on the theory that the revenue to be received from the line extension was not sufficient to justify the capital investment required and that the investment of such unwarranted capital would work a hardship upon the company, and eventually upon its other consumers. The inclusion in the rate base of the entire cost of line extension upon which such advance payments were made would clearly defeat the very purpose of the requirement of an advance payment. There were, however, certain sums advanced which were more in the nature of loans upon which interest is being paid and which may properly be included in the rate base. From a consideration of the total amount of such advances on hand and the amount of interest paid, it appears that a deduction of \$20,000 from the rate base will be reasonable.

The following table shows the combined effect of the changes considered in detail above and indicates a reasonable rate base for comparison with 1923 operations to be \$1,650,380.

TABLE No. 3.

Coast Valleys Gas and Electric Company—Electric Department.

Reasonable Rate Base for Year 1923.

Fixed capital, December 31, 1922—Table No. 2-----	\$1,462,880 00
Average additions and betterments, 1923-----	150,000 00
Working cash -----	32,500 00
Material and supplies-----	25,000 00
	<hr/>
	\$1,670,380 00
Deduct, consumers' advances on time extensions-----	20,000 00
	<hr/>
	\$1,650,380 00

In passing on the rates of this company in 1917 and in certain other similar cases decided near or before that time, this Commission considered 8 per cent on the historical cost as a reasonable rate of return. Since those decisions, interest rates have generally increased and the

average cost of bond money to Coast Valleys Gas and Electric Company, Mr. Pollard testified, was 6.52 per cent as compared with a cost of 6.33 per cent referred to in Decision No. 4847. On the other hand, Coast Valleys Gas and Electric Company is now a larger and more firmly established concern than it was in 1917, its securities are better known and more readily salable. Public regulation has come to be recognized as a protection to the investor as well as to the consumer, with the direct result that public utility securities are now held in higher esteem and the cost of money to utilities as compared with other enterprises is correspondingly lower than before. After careful consideration of the factors upon which the proper rate of return depends, we find that, for the purposes of the present proceeding, 8 per cent upon the rate base as previously determined is just and reasonable.

Defendant claims a depreciation annuity of \$34,425.46 to be included in operating expenses for the year 1923. This figure is derived by adding to the annuity of \$15,183, allowed by the Commission in 1917, an additional sum of \$19,242.46 calculated as a reasonable annuity on property added since 1917. An engineer representing the Commission checked the calculations, examined the property in the field and testified on the whole that the probable lives of equipment assumed as a basis for the calculations were reasonable. The calculation, however, includes estimated additions to property for 1923 which are not being accepted for the purposes of this decision. Modifying the estimate of depreciation annuity to correspond to the estimate of capital additions as modified, we find a total figure of \$33,500 to be reasonable.

This annuity and similar annuities in the past have been included in the rates paid by consumers for the express purpose of compensating the utility for the depreciation and ultimate abandonment of its property. To the extent that it offsets the gradual deterioration, obsolescence and inadequacy of property necessary to a public service, the public is vitally interested in the uses to which the depreciation reserve is put. Only too frequently do we find bad service and broken-down facilities that can be traced directly to the failure to make adequate provision for depreciation or to the improvident dissipation of funds collected for that purpose. In recent decisions we have therefore required that the depreciation annuities allowed in the determination of reasonable rates shall be strictly accounted for, and the reserves built up from them shall be used and administered only for the purposes for which they are intended.

In 1917, in passing on Coast Valleys Gas and Electric Company's rates, this Commission allowed a depreciation annuity, based on the extent of the property and on the sinking fund method of accumulation, contemplating the addition to the reserve each year of 6 per cent

interest on the balance of the previous year. The company has not fully complied with the spirit and intent of Decision No. 4847 either as to the amount of annuities or the accumulation of interest on the reserve, and calculations show that as of December 31, 1922, the balance of the reserve is about \$25,000 less than it would be if there had been a full compliance. Calculations based on the elapsed lives and future expectancies of various items of the property indicate that even with the addition of this sum the reserve is about \$160,000 less than would theoretically correspond to the average age and probable life of the system.

In a reserve being built up upon a sinking fund basis, as this is, such a shortage will be multiplied by the absence of contemplated interest accumulations. To prevent the present situation from growing worse, we will require that Coast Valleys Gas and Electric Company add to its reserve, in addition to the usual annuities and interest on the balance of the reserve, a portion of the interest on the amount of this deficiency. It appears that under all of the conditions \$6,000 per year will be a reasonable amount for this additional accumulation.

In the consideration of reasonable operating expenses for the year 1923, it must be kept in mind that the property of Del Monte Light and Power Company was acquired on December 30, 1922, and that for the ensuing year attention must be given to the operating revenues and expenses of both systems. Table No. 4 shows the actual expenses of both companies for the year 1922 and estimates of expenses for 1923 presented by the company and by the Farm Bureau. In combining the expenses of the two systems for 1922, the effects of the intercompany sale of energy have been eliminated.

TABLE No. 4.
Coast Valleys Gas and Electric Company—Electric Department.
Operating Expenses.

	Actual for 1922			Estimated, 1923	
	C. V. G. & E. Co.	D. M. L. & P. Co.	Total	Company	Farm bureau
Operating expenses:					
Production	\$207,610	\$11,852	*\$207,950	\$175,922	\$177,850
Transmission	15,015	-----	15,015	17,343	10,000
Distribution	25,358	1,702	27,060	26,170	18,000
Commercial	16,011	321	16,332	17,600	17,000
General	49,078	552	49,630	40,083	25,000
Taxes	44,753	741	45,494	47,481	40,106
Expense transferred	†10,060	†609	†10,669	-----	-----
Totals	\$347,771	\$14,559	*\$350,812	\$324,590	\$287,950

*Eliminating intercompany business.

†Credit.

Actual operating expenses of Coast Valleys Gas and Electric Company for 1922 were checked by a member of the Commission's engineering department, who went carefully into the reasonableness and

necessity for expenditures as well as verifying the reported figures by comparison with vouchers. In estimating expenses for 1923, attention has been given to the results of his investigation as well as to changes in conditions and the estimates and arguments of the company and the Farm Bureau. Consideration is given to the reduced rate which will be paid for purchased energy, although our estimate of the amount of the bill is slightly higher than that of the company on account of a higher estimate of sales. The conditions of wholesale service established by Decision No. 12683 have been followed and the estimated cost of operating high voltage regulating apparatus is eliminated. The rental of certain transformers has been included, as it will hereafter have to be paid, or equivalent fixed charges on capital investment assumed through the purchase of equipment in lieu of that previously used rent free.

The company included in its estimates the income tax payments made for its bondholders under tax-free covenants, which are excluded from operating expenses for rate purposes as being a part of the cost of money. The federal income tax on corporate income is included in operating expenses (see Decision No. 12580, September 7, 1923, re Pacific Gas and Electric Company steam heating rates), but reduced in amount to correspond to the reduction in revenue that will follow a reduction in rates. A credit to operating expenses of \$10,000 has been allowed for the capitalization of a portion of general and overhead expense. While no such credit appears in the company's estimate of operating expenses, the statements filed in this proceeding and annual reports for several years show that such a credit is regularly made and that considering the amount of capital to be added during 1923, \$10,000 is a reasonable sum.

As summarized in Table No. 5, the total of these estimates of reasonable operating expenses, together with return on investment and depreciation annuity previously discussed, result in a total gross revenue in the electric department of \$476,600. A portion of this sum, which we estimate to be approximately \$14,000 under reduced rates hereafter fixed, will be charged against the company's gas and water operations for electricity used by them and only the balance of \$462,600 need be considered in fixing rates to consumers.

TABLE No. 5.

Coast Valleys Gas and Electric Company—Electric Department.

Reasonable Estimate of Operating Expenses and Necessary Gross Revenue, 1923.

Operating expenses—	
Production—Purchased energy	\$155,000 00
Production—Other	22,500 00
Transmission	17,000 00
Distribution	26,000 00
Commercial	17,500 00
General	38,100 00
Taxes	45,000 00
Expense transferred—Credit	—10,000 00
Total	\$311,100 00
Depreciation annuity	33,500 00
Fair return—	
Rate base (Table No. 3)	\$1,650,380 00
Return at 8 per cent	132,000 00
Total reasonable revenue, electric department	\$476,600 00
Company use	14,000 00
Revenue required from consumers	\$462,600 00

This table indicates that to be reasonable, in comparison with corresponding capital and operating expenses, rates should result in a gross revenue of \$462,600 from the consumers supplied under 1923 conditions.

The company presented an estimate of kilowatt-hour sales for 1923, but not of the revenue that would be earned under existing rates. The estimate of sales appears somewhat pessimistic and subject to some slight modifications upward. After careful consideration of the available data, \$527,000 will be used as a reasonable estimate of revenue from consumers under existing rates.

The comparison of this figure of \$527,000 which is accepted as the revenue which would be produced by the present rates with the figure of \$462,600 heretofore determined to be the revenue to be produced by reasonable rates would indicate a possible reduction in rates of approximately \$64,400 per year or in the neighborhood of 12 per cent.

It has already been pointed out, however, that this company serves a developing territory and that it is faced with the problem of improving and reinforcing its existing system as well as making the necessary extensions to supply new consumers. At the present time the conditions under which it extends its distribution system for new consumers are much less favorable to the consumer than those of almost all other important utilities in the state.

The question of whether given rates are or are not reasonable depends as much upon the character of service supplied as upon the price which the consumer must pay for it. When service supplied by a utility is all that it should be, the conditions under which that service is extended to the community are liberal and the rates charged are

found to produce more than a reasonable income, those rates should clearly be reduced. On the other hand if the service to the community in the broad sense is capable of distinct improvement, it would seem more desirable to reduce any excessive net revenue by increasing the quality of service rather than by decreasing the price paid for it.

In the present case, the company appears to be making every effort to give good service that is consistent with its financial ability. We believe, however, that the service is capable of improvement and should be extended to new consumers and to unserved portions of the territory covered under a much more liberal policy than that now followed. The schedule of rates embodied in the order accompanying this opinion will, therefore, not result in the extreme reduction which might be justified, but the company will be expected to continue the improvement of its system and to initiate a more liberal policy in the construction of line extensions.

In connection with the rates now charged, certain specific complaints were heard. One of these related to the surcharges now embodied in all rates and the other had to do particularly with the form of the rate charged for agricultural service. This rate is not only exceedingly complicated, but being upon a monthly basis, causes dissatisfaction among consumers whose operations are governed by crop and weather conditions and whose bills are unnecessarily increased whenever operations that might fall within one month cover portions of two arbitrary billing periods.

Rates have been fixed for lighting and general power service which do not include any surcharge such as that complained of and a new type of schedule is provided for agricultural service which has been designed to eliminate the sources of the complaints most frequently heard from agricultural consumers. Present power rates require that consumers outside of incorporated cities or towns receive service at distribution line voltage, furnishing and maintaining at their own expense all necessary transformers. Such devices are normally a part of the distribution system rather than of the consumer's utilization equipment and except under unusual conditions energy should be delivered at utilization voltage. The rates herein fixed contemplate and provide for the ownership by the company of this transformer equipment and the company will be expected to purchase from its consumers, under reasonable terms, transformers which they now own.

A discount applicable when consumers accept service at distribution line voltage pending the purchase of their equipment, or for other reasons, will cover the period necessary for the consummation of such purchases and take care of special conditions that may arise.

The continuation of the differential now existing between the rates in the former Del Monte Light and Power Company territory and that of Coast Valleys Gas and Electric Company does not appear justified by the conditions under which service is supplied and uniform rates have therefore been made applicable to the entire territory served.

I recommend the following form of order:

ORDER.

The Railroad Commission having instituted an investigation on its own motion into the electric rates, service and operations of Coast Valleys Gas and Electric Company, public hearings having been held, the matter being submitted and now ready for decision:

The Railroad Commission hereby finds as a fact that the practices and electric rates of Coast Valleys Gas and Electric Company are unjust, unreasonable and discriminatory, in so far as they differ from the rates and practices hereinafter set forth, which are declared to be just and reasonable rates and practices. Basing its order on the foregoing finding of fact and on the findings of fact in the opinion preceding this order;

It is hereby ordered, that:

1. Coast Valleys Gas and Electric Company charge and collect for electric service now supplied under filed schedules the rates set forth in Exhibit "A" attached hereto and made a part hereof, such rates to be filed with this Commission on or before December 1, 1923, and to become effective for metered service with bills based upon regular monthly meter readings taken on and after December 1, 1923, and for flat rate service with bills for service rendered during the month of November, 1923.

2. Coast Valleys Gas and Electric Company charge and collect for electric service now supplied under special agreements the rates set forth in said Exhibit "A" except where such schedules are not applicable to the conditions under which such service is supplied.

3. Coast Valleys Gas and Electric Company charge and collect for electric service now supplied under special contracts and under conditions to which the rates set forth in said Exhibit "A" are not applicable the present rates including surcharges previously authorized and now in effect, less a discount of 10 per cent, such discount to be effective as provided in paragraph 1 of this order.

4. As of December 31, 1922, Coast Valleys Gas and Electric Company transfer \$25,000 from its surplus account to its reserve for accrued depreciation, and each year, beginning with the calendar year 1923, account to its reserve for accrued depreciation for an annuity calculated in accordance with the principles followed in the opinion preceding

ing this order, for interest at the rate of 6 per cent per annum upon the balance of its reserve for accrued depreciation on the first day of each year, and for \$6,000 in addition to the above amounts.

5. On or before January 1, 1924, Coast Valleys Gas and Electric Company file for the approval of this Commission a statement of the uniform conditions under which it will purchase transformers now owned by its consumers and used in the delivery to them of electric energy by Coast Valleys Gas and Electric Company.

6. The effective date of this order shall be December 1, 1923.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this twenty-seventh day of October, 1923.

EXHIBIT "A."

Schedule L-1.

(Canceling Schedules L-1, L-2, C-5.)

General Lighting Service.

Applicable to general domestic and commercial lighting service, including household appliances and single phase service to motor loads not to exceed 3 h.p. capacity.

Territory.

Applicable to cities and towns throughout the territory served.

Rate.

First	10 k.w.h. or less per meter-----	\$1 00 per month
Next	40 k.w.h. per meter per month-----	07 per k.w.h.
Next	150 k.w.h. per meter per month-----	06 per k.w.h.
Next	800 k.w.h. per meter per month-----	05 per k.w.h.
All over	1000 k.w.h. per meter per month-----	04 per k.w.h.

Special Conditions.

(a) A connection charge of \$1 will be required of all applicants for service under this schedule, the same to be refunded if applicant remains a consumer of the company continuously for twelve (12) months at the same location.

Schedule L-2.

(Canceling Schedules L-2, C-5.)

General Lighting Service.

Applicable to general domestic and commercial lighting service, including household appliances and single phase service to motor loads not to exceed 3 h.p. capacity.

Territory.

Applicable outside cities and towns throughout the territory served.

Rate.

First	10 k.w.h. or less per meter-----	\$1 25 per month
Next	40 k.w.h. per meter per month-----	07 per k.w.h.
Next	150 k.w.h. per meter per month-----	06 per k.w.h.
Next	800 k.w.h. per meter per month-----	05 per k.w.h.
All over	1000 k.w.h. per meter per month-----	04 per k.w.h.

Special Conditions.

(a) A connection charge of \$1 will be required of all applicants for service under this schedule, the same to be refunded if applicant remains a consumer of the company continuously for twelve (12) months at the same location.

Schedule L-3.

(Canceling Schedule L-3.)

Street and Highway Lighting.

Applicable to service to street, highway and other public outdoor lighting installations, using bracket, mast arm, or center suspension construction, and supplied from overhead lines where the company owns and maintains the entire equipment.

Territory.

Applicable to the entire territory served by the company.

Rate.

	Monthly charge per lamp, all night service	Reduction in monthly charge per lamp for each hour reduction in nightly service
Arc lamps—6.6 amperes.....	\$5 00	14 cents
Incandescent lamps:		
500 watt multiple.....	5 25	20 cents
400 watt multiple or 600 C. P. series.....	4 80	17 cents
300 watt multiple.....	4 40	13 cents
250 watt multiple or 400 C. P. series.....	4 00	11 cents
150 watt multiple or 250 C. P. series.....	3 20	7 cents
100 watt multiple.....	2 50	5 cents
80 watt multiple or 100 C. P. series.....	2 00	4 cents
60 watt multiple or 80 C. P. series.....	1 70	3 cents
40 watt multiple or 60 C. P. series.....	1 40	2 cents
32 C. P. series.....	1 30	1 cent

Special Conditions.

(a) All night service is equivalent to 4000 hours per year. When all night service is not desired the rate will be that shown for all night service, less the reduction in the monthly charge per lamp for each hour reduction in nightly service.

(b) Under the above schedule the company bears the installation, maintenance and operating expenses and provides all necessary lamp renewals.

(c) Where the company is required to furnish lamps with other than its standard equipment an additional charge may be made.

(d) For service to an installation of less than ten lamps, the charges set forth above will be increased by ten per cent.

Schedule L-4.

(Canceling Schedules L-4, L-5.)

Street Lighting Service.

Applicable to energy supplied to electrolter and public outdoor lighting systems owned by the consumer.

Territory.

Applicable to entire territory served.

Rate.

First 100 k.w.h. per kilowatt of lamp capacity per month----- 5 cents per k.w.h.

All over 100 k.w.h. per kilowatt of lamp capacity per month-- 2 cents per k.w.h.

Minimum Charge.

\$36 per year per kilowatt of installed lamp capacity.

Special Conditions.

(a) The above rate covers only electrical energy delivered at one or more central points and contemplates the ownership and maintenance of regulating equipment by the company and of the electrolter and underground system by the consumer. When the company owns all or any part of the electrolter or underground system or furnishes lamp renewals, globes, maintenance, etc., an extra charge appropriate to the service rendered will be made in addition to the energy charge.

(b) For service supplied under present conditions the following charges or credits will apply in accordance with special condition (a):

City of Pacific Grove (Schedule L-5), 5 per cent discount for ownership of regulators by the city.

City of Salinas (Schedule L-4), \$1 per standard month extra charge for underground system and lamp maintenance labor furnished by the company.

Schedule C-1.

(Canceling Schedules C-1, C-2, C-3, C-4, C-5.)

General Heating, Cooking and Combination Service.

Applicable to general domestic and commercial heating, cooking and/or water heating service, and to combination lighting with heating, cooking, and/or water heating service.

Territory.

Entire territory served.

Rate.

(a) Domestic combination lighting, heating, cooking and/or water heating service for residences, flats or apartments of 8 rooms or less.

*First 30 k.w.h. per meter per month.....	†
Next 150 k.w.h. per meter per month.....	4 cents per k.w.h.
All over 180 k.w.h. per meter per month.....	2.5 cents per k.w.h.

*For residences, flats or apartments of more than 8 rooms add 5 k.w.h. to this block for each additional room.

†Charge for first 30 k.w.h. of the effective lighting schedule.

(b) Domestic and commercial heating, cooking and/or water heating service.

First 150 k.w.h. per meter per month.....	4 cents per k.w.h.
All over 150 k.w.h. per meter per month.....	2.5 cents per k.w.h.

Minimum Charge.

First 5 kilowatts or less of heating, cooking and/or water heating capacity, \$3 per month.

Over 5 kilowatts of heating, cooking and/or water heating capacity, 75 cents per kilowatt per month.

Special Conditions.

(a) Service will be, normally, 110/220 volt three wire A. C.

(b) Minimum charges are based on the total load which may be connected at any one time, exclusive of lighting and lamp socket devices.

(c) Rate (a) applies only where a domestic consumer installs and uses appliances other than lamp socket devices of at least 2 kilowatt capacity for residences, flats or apartments of 8 rooms or less and 5 kilowatts for residences, flats or apartments of 9 rooms or more.

(d) Bathrooms, halls and cellars are not classified as rooms.

(e) The connected load will be taken as the nameplate rating of all heating and cooking apparatus permanently connected and which may be connected at any one time computed to the nearest one-tenth of a kilowatt. All equipment assumed as operating at 100 per cent power factor.

(f) Single phase motors aggregating 3 horsepower or less may be served under this schedule, in which case each horsepower of connected load shall be considered equivalent to one kilowatt of connected load in determining the minimum charge.

Schedule P-1.

(Canceling Schedules P-1, P-2, P-3.)

General Power Service.

Applicable to general commercial and industrial power service, to commercial heating and cooking service and to rectifier service. This schedule is optional with Schedule P-2.

Territory.

Entire territory served by the company.

Rate.

Horsepower of connected load	Rate per k.w.h. for monthly consumptions of			
	First 50 k.w.h. per h.p.	Next 50 k.w.h. per h.p.	Next 150 k.w.h. per h.p.	All over 250 k.w.h. per h.p.
2 to 9 h.p.....	4.3¢	2.2¢	1.3¢	.9¢
10 to 24 h.p.....	3.8	2.1	1.2	.9
25 to 49 h.p.....	3.3	2.0	1.1	.8
50 to 99 h.p.....	2.9	1.9	1.0	.8
100 h.p. and over.....	2.6	1.8	.9	.7

Minimum Charge.

\$1 per horsepower of connected load per month but in no case less than \$2 per month.

When the consumer signs a contract for service for a period of twelve months, the minimum charges will be made accumulative over the twelve months period. The

annual minimum charge will then be payable in monthly installments until such time as the accumulated energy charges equal the annual minimum charge.

Special Conditions.

(a) *Voltage.* Energy will be supplied at standard voltage as provided in the Rules and Regulations.

(b) *Credit for Ownership of Transformers by Consumer.* The company will, ordinarily, install, own and maintain transformers, but where the consumer owns the transformers or receives energy at the voltage of the company's primary distribution lines there will be allowed an annual discount from minimum and energy charges of \$1.75 per horsepower for the first 15 horsepower of connected load plus 90 cents for each additional horsepower.

(c) *Measurement of Connected Load.* The connected load will be taken as the horsepower rating of the equipment used, which may at any one time be connected to the company's line, but in no case less than two horsepower.

(d) *Maximum Demand.* The above rates and minimum charges may, at the option of the consumer, be based on the horsepower of measured maximum demand instead of horsepower of connected load, in which case the demand on which the rates and minimum charges will be based will be not less than fifty per cent of the connected load, and the minimum charge will be not less than fifty dollars per month.

The maximum demand in any month will be the average horsepower input (746 watts equivalent) indicated or recorded by instruments to be supplied, owned and maintained by the company and at the company's expense, in the fifteen minute interval in which the consumption of energy is more than any other fifteen minute interval in the month, or at the option of the company demand may be determined by test.

In the case of hoists, elevators, welding machines, furnaces and other installations where the energy demand is intermittent or subject to violent fluctuations, the company may base the consumer's maximum demand upon a five minute interval instead of a fifteen minute interval.

Demands for installations in excess of 250 horsepower of connected load occurring between the hours of 11 p.m. and 6 a.m. of the following day will not be considered in computing charges under this schedule.

(e) *Optional Rates for Larger Installations.* Any consumer may obtain the rates for a larger installation by guaranteeing the rates and minimum charges applicable to the larger installation.

(f) *Rectifier, Heating and Cooking Service.* Mercury arc rectifiers and commercial heating and cooking installations may obtain service under this schedule. For the purpose of determining rates and minimum charges, each kilowatt of connected load will be considered as equivalent to one horsepower.

Schedule P-2.

Intermittent Service.

Applicable to industrial service where the use of power is intermittent or seasonal, such as service to packing houses, canneries, etc. This schedule is optional with P-1.

Territory.

Entire territory served.

Rate.

(a) **Demand charge—**

First 10 h.p. of connected load-----	\$5 00 per h.p. per year
All over 10 h.p. of connected load-----	3 50 per h.p. per year

(b) **Energy—**

The energy charges are the rates without the minimum charges as set forth in Schedule P-1.

The total charge is the sum of the demand and energy charges.

Special Conditions.

(a) The demand charge is payable in five equal monthly installments during the first five months of each service year.

Schedule P-3.

(Canceling Schedules P-1, P-2, P-3.)

Agricultural Power Service.

Applicable to general farm use, including domestic service but excluding domestic cooking and light service.

Territory.

Entire territory.

Rate (A).

Size of installation, horsepower	Initial charge, 200 k.w.h. or less per h.p. per year	Rate per k.w.h. for energy used in excess of 200 k.w.h. per h.p. per year		
		Next 800 k.w.h. per h.p. per year	Next 2000 k.w.h. per h.p. per year	All over 3000 k.w.h. per h.p. per year
2- 4 -----	\$39 90	2.5¢	1.4¢	1.0¢
5- 14 -----	9 00	2.0	1.2	.9
15- 49 -----	8 40	1.8	1.1	.9
50- 99 -----	8 10	1.6	1.0	.8
100-249 -----	7 80	1.5	.9	.8
250 and over -----	7 50	1.4	.8	.7

*In no case will the total minimum charge be less than \$19.80.

Special Conditions.

(a) *Payment.* The initial charge is payable in six equal monthly installments with bills for energy used in the months of April to September, inclusive, each year. Charges for energy in excess of 200 k.w.h. per h.p. per year will be made as energy is used, beginning when 200 k.w.h. per h.p. has been consumed.

(b) *Service Year.* All meters billed at this rate will be read by the company between March 20th and April 1st of each year and the charges will apply to service supplied between such readings of consecutive years.

(c) *Service Commenced or Discontinued.* When a new service is first begun, or a service permanently discontinued between April 1st and September 30th, the initial charge and the number of kilowatt hours included therein will be prorated according to the proportion of the six months season during which service is taken.

When a new service is first begun between October 1st and March 31st, the charge will be as provided in the above rate, excluding the initial charge, and starting with the energy charge for the "next 800 k.w.h. per h.p.," shown in the third column.

In case service is permanently discontinued between October 1st and March 31st, there will be no adjustment in charges previously made.

Adjustment for permanent increase or decrease in load will be made upon the same basis, considering the old load as discontinuing and the new load as beginning service.

Such adjustments apply only to the permanent discontinuance of service or to the beginning of new service and will not be made when installations shut down only for a few months or for the balance of the season.

(d) *Connected Load.* The above rates and annual charges will be based on the total horsepower rating of all equipment that may be connected to the line at any one time.

(e) *Credit for Consumer Ownership of Transformers.* The company will, ordinarily, own and maintain any necessary line transformers and supply energy at secondary voltages in accordance with Rule and Regulation No. 2. When the consumer owns the transformers or receives service at the primary voltage of the company's distribution lines there will be allowed an annual discount of \$1.75 per horsepower for the first fifteen horsepower of connected load plus 90 cents for each additional horsepower.

Schedule P-4.

(Canceling Schedule P-5.)

Service to X-ray or Radio Apparatus.

Territory.

Applicable to entire territory served.

Rate.

Where X-ray or radio apparatus is separately served it shall be classed as power equipment and service will be rendered in accordance with the rates for general power service; except that the horsepower (or kilowatt) minimum provision of any such rate shall be modified as provided below.

At the consumer's option, service to X-ray or radio apparatus may be rendered at the lighting rate, in which case it may be combined (where physically practicable) on the same meter with regular lighting service; provided that the minimum provisions specified below will apply in all cases.

Minimum Charge.

Where the company finds it necessary to install any special equipment other than the customary meter and service, in order to render service to an X-ray or radio apparatus, the minimum monthly charge shall be \$0.50 per kilowatt of connected capacity, or \$0.50 per kilowatt of special transformer capacity required to serve same.

Where service to an X-ray or radio apparatus does not require the installation of any special equipment, no horsepower (or kilowatt) minimum shall apply, and only the meter minimum specified in the rate used need be considered; provided that in no case shall the minimum be less than \$1 per month per meter.

Schedule P-5.

(Canceling Schedule P-4.)

Street Railway Service.

Applicable to all power sold for use in the operation of 2300-volt alternating current street railway motor generator sets.

Territory.

Applicable to entire territory served by this company.

Rate.

Two cents per kilowatt hour.

Minimum Charge.

\$1 per kilowatt of rated capacity of largest motor-generator set which can be connected at any time.

DECISION No. 12762.

IN THE MATTER OF THE INVESTIGATION OF THE ELECTRIC RATES,
SERVICE AND OPERATIONS OF COAST COUNTIES GAS AND ELECTRIC
COMPANY ON THE COMMISSION'S OWN MOTION.

Case No. 1851.**Decided October 27, 1923.**

RATES—ELECTRIC UTILITY.—Electric rates for Coast Counties Gas and Electric Company are fixed by the Commission, placing all towns upon one rate and all rural territory upon another; thus effecting considerable reduction for Hollister and Gilroy and less reduction to Santa Cruz and Watsonville, where the previous rates have been lower. The total reduction in lighting rates is about 15 per cent, but because of the different schedules on different parts of the system, some consumers will be reduced much less than 15 per cent and others much more.

INDUSTRIAL RATES EQUALIZED.—Industrial power rates are reduced an average of 18 per cent over the entire system. Here again a number of disjointed schedules have been made uniform and the amount of reduction to individual consumers will vary considerably.

AGRICULTURAL SURCHARGE ELIMINATED.—Agricultural rates are reduced by the entire elimination of the surcharge and by slight further reduction, making a total reduction of approximately 12 per cent. The total reduction in all rates is about 14 per cent. The agricultural schedule follows the old form closely and is the same as or below the prewar schedule.

Leo H. Sussman, for Coast Counties Gas and Electric Company.

F. S. Brittain and *T. C. Nelson*, for the California Farm Bureau Federation and San Benito County Farm Bureau.

MARTIN, Commissioner.

OPINION.

This proceeding is an investigation initiated by the Railroad Commission on its own motion into the rates and operations of Coast Counties Gas and Electric Company for the primary purpose of determining whether and to what extent increases in rates authorized during the period of high prices should be continued.

The electric rates of this company have been before the Commission upon one occasion only, in 1918, when application was made for authority to increase rates on account of increased cost of operation. At that time the Commission did not go into the details of valuation

and past operations nor did it consider the character of the company's rate schedules and the relation of the charges to various consumers and for various classes of service. Attention was confined to the effect of increased prices on the cost of operation and such increases in the existing rates were authorized as would offset the increased costs. (Decision No. 5768, September 17, 1918, 16 C. R. C. 57.)

Many of the rates in effect at that time had existed for many years and were continued with no other modification than the authorization of surcharges. The result was that the present rate structure of the company is substantially that of 1912, and certain of the schedules now in effect have been rendered partially or wholly obsolete by changes in conditions and by subsequent filings of new schedules.

Coast Counties Gas and Electric Company was organized in 1912, taking over the properties of Coast Counties Light and Power Company and Davenport Light and Power Company. The earliest history of the company, apparently, dates back to the year 1871, when Watsonville Maxim Gas Company was organized. Since that date various gas and electric properties in Santa Cruz, Monterey, Santa Clara, San Benito and Contra Costa counties have been slowly grouped and finally merged into the one system which is operating today. The company now serves electricity in the cities of Santa Cruz, Watsonville, Gilroy and Hollister and the surrounding territory, and intervening towns in Santa Cruz, Monterey, San Benito and Santa Clara counties. Gas is supplied in the same cities and in Martinez, Concord and Pittsburg in Contra Costa County.

A small hydro-electric plant located on Big Creek, Santa Cruz County, and steam plants in Santa Cruz and in Watsonville, were at one time the chief source of energy. At the present time the great bulk of energy is purchased from Pacific Gas and Electric Company, supplemented by whatever power is generated at the hydro plant. The two steam plants have now become standbys, operating only during storms, time of line trouble, and in the case of the Watsonville plant, when necessary to better voltage conditions during the heavy summer load. Purchased energy is received at Morgan Hill, San Juan and Davenport. A 22,000-volt transmission line links these points together, passing through Santa Cruz, Watsonville and Gilroy, with a branch extending from San Juan to Hollister. Distribution lines radiate from the necessary substations installed at load centers.

The chief source of revenue is the lighting load. Agricultural and commercial power rank next, being of almost equal importance. In addition to these general classifications, energy is wholesaled to several small distributing companies in Santa Cruz County and to the Union Traction Company in Santa Cruz.

Hearings in the present case were held in Santa Cruz on February 15, 1923, and May 14, 1923, testimony being introduced, and at the latter hearing the matter was submitted for decision. At the closing of the case it was stipulated that certain information requested of the company by the Commission would be prepared and submitted at a later date. These data relate to kilowatt hour sales and revenues from various classes of consumers necessary for a proper rate determination and to a depreciation reserve study. Both of these subjects have now been extensively investigated by the Commission's engineering department.

The company introduced through its engineer, F. Emerson Hoar, an estimate of the historical reproduction cost of its tangible electric properties as of December 31, 1920, this estimate being subsequently brought up to date as of December 31, 1922, by the inclusion of book additions and betterments to capital during the latter two years. The company also made certain claims for cost of organization, water rights and franchises. According to Mr. Hoar's testimony the claims for organization and water rights represent actual historical cost to the company or its predecessors, and the amount for franchises is an estimate of the probable expenditures in connection with the acquisition of franchises.

Mr. Grunsky, of the Commission's engineering department, made a partial check of Mr. Hoar's historical reproduction cost estimates exclusive of lands and intangibles, and testified that, with certain deductions, Mr. Hoar's estimate of historical reproduction cost was reasonable.

The two sets of figures are summarized in the following table:

TABLE No. 1.
Electric Capital—Coast Counties Gas and Electric Company.

	Estimated historical reproduction cost	
	Company, Dec. 31, 1922	Commission, Jan. 1, 1923
Intangible property:		
Organization	\$7,718 23	
Water rights	19,904 52	
Franchise values	3,400 00	
Total intangibles	\$31,022 75	
Tangible property:		
Lands	\$46,231 98	\$37,444 00
Production capital	584,949 85	540,527 92
Transmission capital	241,343 13	233,722 85
Distribution capital	1,111,588 67	1,106,070 67
General capital	78,285 25	77,527 50
Total operative tangible property	\$2,062,398 88	\$1,995,892 94
Total operative capital	\$2,093,421 63	
Nonoperative capital	6,105 05	\$49,526 53
Total electric capital	\$2,099,526 68	

The deductions from Mr. Hoar's figures recommended by Mr. Grunsky total approximately \$66,500, consisting of errors, improper inclusions, expenditures for property not yet operative, and the retirement of certain nonoperative property in the Santa Cruz steam plant. There is included in this amount a deduction of \$8,787.98 in the land accounts recommended by E. P. McAuliffe, the Commission's land expert. Land value appraisals were based on present value rather than on historical cost.

The company also submitted a summary of the actual cash investment as shown by available records. From Mr. Hoar's testimony it appears that this summary is compiled from the books of the present and predecessor companies, by eliminating entries not representing cash expenditures. The total figure of \$2,130,604.93 is a fairly close check of Mr. Hoar's historical reproduction cost appraisal.

Some question as to the degree of usefulness of the steam plants in the present system was brought up at the first hearing with a view to the possibility of excluding all or some part of this capital from consideration in the rate base. It developed through the testimony of Mr. Grunsky that capital to the extent of \$29,426, representing certain equipment in the Santa Cruz steam plant, is now nonoperative, but that the balance of steam plant equipment will be necessary for the protection of service until the company increases the capacity of its transmission lines. The amount of \$29,426 is included in the deductions which have been made in arriving at a rate base. The balance of steam plant capital will be considered as operative at the present time, but the company must anticipate an early increase in transmission capacity and the abandonment of the steam plants which the continued increase in load will soon render entirely inadequate.

Investigation of the company's books and accounting methods shows that almost no attempt has been made to allocate the cost of management between operating expenses and capital in proportion to the division of the time and attention of the management officials. Practically all of the cost of supervision is charged to operating expenses. The cost of the engineering and supervision devoted to construction work is just as much a part of the capital charge as the labor and material. The practical result of the accounting methods of the company has been the inclusion of a part of the cost of construction work in operating expenses. The effect of this on operating expenses will be considered at another point in this decision.

In connection with the capital charges, Mr. Nelson, representing the Farm Bureau, urges that inasmuch as these overhead costs have been charged to operating expenses, a corresponding revision should be made in the overhead percentages included in the valuation. If, after paying these excessive operating expenses, properly maintaining its

system, and setting aside a full allowance for depreciation, the company had earned in excess of a reasonable return, this contention would be entitled to serious consideration. The studies presented in the present case indicate that during certain years the company's books show a net revenue somewhat in excess of what might be considered a reasonable return on the capital invested. It is also shown that an adequate annuity has not been set aside for depreciation, and that during recent years maintenance has been insufficient.

Had the full amount of maintenance work been done each year, and had a full depreciation annuity been set aside, it is doubtful if more than a reasonable return would have been earned. If the consumers are protected against any necessity of making up any deficiency in the depreciation reserve or against the payment for maintenance work which should have been done in previous years, no injustice results. Provision will be made for such protection and, therefore, detailed consideration need not be given to the legal questions involved in such a modification of the valuation.

While the appraisal by the Commission's valuation department is not complete, the figures presented by the company have been very carefully checked and compared with the results of a partial field appraisal. With the modifications already discussed the result will be accepted by the Commission as reasonable. For the purpose of this case only we will use the figure of \$31,023 for intangible property and \$1,995,893 for tangible property, a total valuation for the electric department of \$2,026,916 as of January 1, 1923. In the determination of a rate base for the year 1923 there will be included the capital becoming operative during the year 1923, giving due consideration to the portion of the year it will be in operation, as well as a reasonable amount for materials and supplies kept on hand for operating purposes and a reasonable allowance for working cash capital. As the revised schedules of rates provided in the order accompanying this opinion contemplate the ownership by the company of all transformers, there will also be allowed the amount of additional capital represented by this equipment which is now used but not owned by the company. Consideration will also be given to the money which consumers have advanced to the company and on which no interest is paid.

The company has prepared an estimate of the new capital which will become operative during 1923, totaling \$188,552.67. Using these figures as a basis, our engineering department estimates \$103,400 to be the equivalent amount of new capital operative throughout the entire year of 1923.

The company claims the amount of \$50,281.63 for materials and supplies on hand. As this amount is for both its gas and electric

departments and includes supplies for construction work as well as for the operation of the system, it can not be accepted for the present purpose. The amount of \$25,000 is considered reasonable and will be used.

The allowance for working cash capital will be based on the cost of purchased power for one month and of other operations, exclusive of taxes and depreciation, for two months. These items, as included in our estimates for 1923, approximate \$37,300. Under the method of accruing taxes used as a basis for estimates elsewhere in this decision, the company is accruing from earnings money which is paid out at intervals of six months instead of monthly, as in the case of other expenses. Under this method of monthly accrual and semiannual payment, there will be on hand an average of one-quarter of the total state tax, and this amount will be deducted from the necessary amount of working cash capital. State tax for the year 1923 will approximate \$44,000 and a deduction of \$11,000 will therefore be made, leaving a net allowance for working cash capital of \$26,300.

The engineering department of the Commission estimates that the company will be required to spend \$7,500 in taking over transformers now owned by consumers or in providing its own equipment in lieu thereof, and this amount will be allowed in the rate base. Advances made by consumers for line extensions totaled \$16,711.75 on December 31, 1922. This amount is properly deductible in the determination of a rate base, and will be deducted accordingly.

The following table gives a summation of the items entering into the rate base for the year 1923, as used in this decision:

TABLE No. 2.

Summation of Items Entering Into Rate Base for Year 1923.

Capital as of January 1, 1923.....	\$2,026,916 00
Average net additions and betterments for 1923.....	103,400 00
Material and supplies.....	25,000 00
Working cash capital.....	26,300 00
Purchase of transformers.....	7,500 00
 Total	 \$2,189,116 00
Advances by consumers for line extensions.....	16,712 00
 Grand total for 1923 rate base.....	 \$2,172,404 00

The proper rate of return to be allowed upon this rate base can not be determined by any mathematical calculation. A reasonable rate of return is one which, when applied to a group of utilities, with due allowance for the special conditions involved in each case, will be sufficient to encourage the investment of requisite additional capital to enable the business as a whole to expand and keep pace with the demands upon it. The financial requirements of each individual con-

cern enter into this consideration only as they affect the whole and as they indicate special circumstances which must be given weight.

Ten years ago this Commission allowed 8 per cent upon a reasonable estimate of investment as a fair return in certain cases, and subsequent developments have confirmed the reasonableness of such a figure from the standpoint of both the utility and the consumers. Since that time the business of generating and distributing electricity has vastly increased in extent and importance. Weaker companies have been eliminated by consolidation and destructive competition has almost disappeared. Conservative financing under public control and increased recognition of the importance of utility service to the community have increased the confidence of the investor. All these things tend to make possible a reduction in the rate of return which must be allowed in order that electric utilities may secure the capital necessary to their growth. On the other hand, interest rates and the return on capital invested in other lines of endeavor are higher than formerly and the necessity for expansion during the period of even higher interest rates than those now prevailing has resulted, necessarily, in an increase in fixed charges. The particular utility now before us is not an unusually large company and serves no large cities. Its securities do not have the broad market and wide reputation of the larger companies. After a due consideration of all factors the Commission believes that in this instance a net return of 8 per cent after the payment of federal income tax is reasonable.

For the year 1922 the company set aside for the electric department only, a depreciation annuity of \$45,587. Such evidence as was presented regarding this item indicated it to be reasonable. Since the submission of the case, a more careful estimate has been made by the Commission's engineering department, and for the year 1923 an annuity of \$50,000 is considered reasonable for the electric department.

In line with former decisions, it is the position of the Commission that this utility should account for such reasonable depreciation reserve as should exist at the present time, as well as for the depreciation annuities which it will be permitted to collect from rates in the future. This also applies to interest upon the accumulated reserve which must supplement these annuities if they are to be adequate.

Any estimate of the depreciation reserve which should now exist involves the present condition of various elements of the property and their degree of usefulness to the system as well as the past earnings. Only that property which is herein treated as operative will be considered, and no property being classified as nonoperative can be retired by the company from the amount which is now found to be a reasonable depreciation reserve as of December 31, 1922.

The actual book reserve reported by the company as of December 31, 1922, is \$250,735. The engineering department of the Commission has made an independent estimate of the reserve that should now exist for property of the character in point which closely agrees with the foregoing figures. After due consideration the Commission deems that the amount shown by the company's books may be accepted as reasonable, applying only to operative property as classified herein.

The chief evidence in regard to operating expenses was an analysis of expenses during 1922, as prepared and testified to by Mr. Grunsky, of the Commission's engineering department. Exclusive of taxes and depreciation, the expenses reported by the company were \$293,664.79 and as found to be correct by Mr. Grunsky, \$266,564.79, or a reduction of \$27,100. Of this amount \$1,275 was improperly charged through clerical error and need not be discussed. A further amount of \$10,000 was that portion of the 1922 operating expenses which Mr. Grunsky estimated was more properly chargeable to capital account.

As previously stated herein, officials of the company whose salaries have been charged entirely to operating expenses, devote at least a portion of their time to the planning and supervision of construction work, and a corresponding portion of the cost of management and general supervision should be charged to capital account. The bookkeeping methods of the company do not make this segregation, and the present deduction is a correction on this account. Such costs have been, and in the future will continue to be included by the Commission in appraisals of the fixed capital in the form of overhead allowances and should not be duplicated by being included in operating expenses. The remaining deduction, \$15,825, Mr. Grunsky estimates to be the amount by which 1922 operating and maintenance expenses were above normal, due to the extensive rebuilding and repairing which was done during that year.

Our examination of the company's past operations showed that in common with many other utilities of the state it had deferred maintenance work which should normally have been done during past years. This practice has been more or less general, and appears to have been due in varying proportions to the difficulty of obtaining labor and material, to high prices and, in some instances, to a lack of money for carrying on the work. In the case of this company the reason can hardly be ascribed to a lack of earnings because in the electric department, at least, the net earnings have been entirely adequate, and in some years more than reasonable. As the company earned sufficient revenue in the past to have taken care of this work in a normal manner, it can not ask that the cost be included in estimates of future operating expenses to be made up out of rates. We will, therefore, allow as

operating expenses as a basis for rates our best estimate of the cost of the maintenance of the electric system normally necessary from year to year. The company, nevertheless, will be required to bring its system up to standard and to maintain adequate service.

In setting up its statement of taxes for the year 1922 the company has shown the amount of state taxes computed upon 1922 gross revenue, but which will not be payable until July, 1923, and January, 1924. The inclusion of taxes upon this basis would result in the accrual of tax installments practically one year in advance of their payment. A more reasonable method is to allow the state tax upon each year's gross receipts in operating expenses for the following year. This results in the accrual of each installment of taxes during the six months preceding its payment. This is the procedure which is uniformly adopted by the Commission and will be followed in this case. The Commission finds that \$44,172 is a reasonable estimate of state taxes for the year 1923.

In a number of past decisions we have held that the federal income tax, based upon a percentage of net revenue after the payment of bond interest, should be excluded from operating expenses, on the ground that a corresponding deduction is made from the income tax of the individual stockholders. A recent decision of the United States Supreme Court (*Georgia Railway and Power Company vs. Railroad Commission of Georgia*, decided June 11, 1923) indicates that, in the opinion of that tribunal, this tax is a proper operating expense. This tax may logically be considered as one of many items that stand between the gross revenue collected from consumers and the net compensation which the investor receives for the use of his money in providing a service for those consumers. If this tax is included in operating expenses, that fact must be considered in determining the reasonableness of the return which remains after operating expenses are paid, while if the tax be excluded from operating expenses, it must be remembered that it must just as surely be paid before the investor receives his return. In keeping with the above mentioned decision the federal income tax chargeable to the electric department estimated at \$18,000 for 1923, will be included in the operating expenses used as a basis of reasonable rates. Local franchise taxes and capital stock tax, estimated at \$2,658 for 1923, bring the total for taxes up to \$64,830.

The following is a tabulation of operating expenses for the year 1922, as reported by the company, as modified by the Commission's engineering department, and as estimated for the year 1923:

TABLE No. 3.
Operating Expenses—Coast Counties Gas and Electric Company.
(Electric Department—Exclusive of Depreciation.)

	Reported by company for year 1922	Corrected by Commission engineering department, year 1922	Estimate by Commission engineering department, year 1923
Production:			
Purchased energy	\$126,233 43	\$126,233 43	\$188,000 00
Other operation	13,072 30	11,172 30	10,340 00
Maintenance	7,116 66	4,022 61	3,900 00
	<hr/>	<hr/>	<hr/>
	\$146,422 39	\$141,423 34	\$152,240 00
Transmission:			
Operation	\$11,123 19	\$9,567 24	\$10,500 00
Maintenance	14,969 87	11,074 87	11,120 00
	<hr/>	<hr/>	<hr/>
	\$26,123 06	\$20,642 11	\$21,620 00
Distribution:			
Operation	\$36,322 62	\$29,447 62	\$31,400 00
Maintenance	26,833 16	20,333 16	24,440 00
	<hr/>	<hr/>	<hr/>
	\$62,155 78	\$50,280 78	\$55,840 00
Commercial expenses	\$32,406 99	\$30,056 99	\$31,370 00
General expenses	29,884 48	28,384 48	36,100 00
General repairs	1,983 43	1,083 43	650 00
Expense transferred	*5,311 34	*5,311 34	*5,000 00
Taxes	69,525 94	61,531 95	64,830 00
	<hr/>	<hr/>	<hr/>
Totals	\$360,390 73	\$328,096 74	\$357,630 00

*Credit item (principally electricity used in other departments).

Gross operating revenue was, for the year 1922, the amount \$593,307.21, or an increase over 1921 revenue of 12 per cent. This percentage is somewhat less than prevailed for several years previous, and may be even slightly below normal for this company. The engineering department of the Commission has estimated that the present rates, if continued throughout the remainder of 1923, could be expected to yield a total gross revenue of \$666,000. This is in line with the testimony of Mr. Cardiff of the company, who expected a normal increase in load for the year 1923.

Considering the amounts already found reasonable for return upon investment, depreciation and operating expenses, we may build up the total gross revenue reasonably necessary for the year 1923, as shown in Table No. 4, following:

TABLE No. 4.
Reasonable Gross Operating Revenue for Year 1923—Electric Department, Coast Counties Gas and Electric Company.

Rate base (Table No. 2)	\$2,172,404 00	
Return at 8 per cent	173,790 00	
Depreciation	50,000 00	
	<hr/>	
Total reasonable net revenue		\$223,790 00
Operating expenses (Table No. 3)	\$357,630 00	
Reserve for bad debts	2,900 00	
	<hr/>	
Total operating expenses		360,530 00
	<hr/>	
Total reasonable gross revenue		\$584,320 00
Estimated revenue from present rates		\$666,000 00
Reasonable reduction in rates		81,680 00

The above table indicates the possibility of a reduction in gross revenue amounting to approximately 12 per cent of that estimated for the year 1923. The rate schedules set forth in the order accompanying this opinion have been drafted with the intention of causing such a reduction, bearing in mind, however, that the business is constantly growing and that the effect of rate reductions will not be fully reflected for some months. It is also to be expected that the present modifications in rates will encourage the growth of business, and this factor has been given due consideration.

Mention has already been made of the fact that some of the present schedules have been in effect for over ten years with no modification except for the addition of surcharges, and some of them have been rendered partially or entirely obsolete by new filings. The growth of this company's business and the development of the territory which it serves have brought about changes in conditions which have not been properly met by changes in the rate structure. In arranging new schedules, consideration has been given to cost of service to various classes of consumers.

Existing rates for power service apparently result in charges somewhat out of proportion to the cost of service, as compared with that to other classes of consumers. New schedules are provided which are more flexible and uniform and at the same time will result in a substantial reduction in cost to consumers.

Complaint has been heard regarding the method of charging for agricultural service. A modification has therefore been made in the time of payments under this rate and not only has the previously authorized surcharge been entirely eliminated but a further reduction has been made in the rate to larger installations. A new schedule for domestic service provides for the combination of lighting, cooking, heating and small power services upon one meter, and uniform rates are fixed for street lighting service, supplementing a number of special agreements now in effect. In a number of instances the character of street equipment installed and the quality of service supplied are not up to generally recognized standards and as standard rates are not fairly applicable to such installations provision will be made for the continuation of existing rates.

I recommend the following form of order:

ORDER.

The Railroad Commission having instituted an investigation on its own motion into the electric rates, service and operations of Coast Counties Gas and Electric Company, public hearings having been held, the matter being submitted and now ready for decision:

The Railroad Commission hereby finds as a fact that the electric rates of Coast Counties Gas and Electric Company are unjust, unreasonable and discriminatory, in so far as they differ from the electric rates hereinafter set forth, which are declared to be just and reasonable rates.

Basing its order on the foregoing finding of fact and on the findings of fact in the opinion preceding this order;

It is hereby ordered, that:

1. Coast Counties Gas and Electric Company charge and collect for electric service now supplied under filed schedules the rates set forth in Exhibit "A" attached hereto and made a part hereof.

Such rates to be filed with this Commission on or before December 1, 1923, and to become effective for metered service with bills based upon regular meter readings taken on and after December 1, 1923, and for flat-rate service delivered on and after December 1, 1923.

2. Coast Counties Gas and Electric Company charge and collect for street lighting service now supplied under special agreements either the rates specified in such agreements, including surcharges heretofore authorized and now in effect, or the rates set forth in Exhibit "A," as the consumers may elect.

3. Each year, beginning with the calendar year 1923, Coast Counties Gas and Electric Company account to its reserve for accrued depreciation of electric department property for an annuity calculated in accordance with the principles followed in the opinion preceding this order and also for interest at the rate of 6 per cent per annum upon the balance of the reserve for accrued depreciation on the first day of each year. Such reserve for accrued depreciation shall be applicable to the retirement of only that property considered in the decision preceding this order as operative in the electric department.

4. On or before January 1, 1924, Coast Counties Gas and Electric Company shall file for the approval of this Commission a statement of the uniform conditions under which it will purchase transformers now owned by its consumers and used in the delivery to them of electric energy by Coast Counties Gas and Electric Company.

5. The effective date of this order shall be December 1, 1923.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this twenty-seventh day of October, 1923.

EXHIBIT "A."

Schedule L-1.

(Canceling Schedules A, B, C, E, K and Z.)

General Lighting Service.

Applicable to general domestic and commercial lighting service, including household appliances and single phase motors not exceeding 3 h.p. total capacity.

Territory.

Applicable to service in entire territory served within incorporated limits.

Rate.

First 10 k.w.h. or less per meter-----	\$1 00 per month
Next 40 k.w.h. per meter per month-----	07 per k.w.h.
Next 150 k.w.h. per meter per month-----	06 per k.w.h.
Next 800 k.w.h. per meter per month-----	05 per k.w.h.
All over 1000 k.w.h. per meter per month-----	04 per k.w.h.

Special Conditions.

(a) A connection charge of \$1 will be required of all applicants for service under this schedule, the same to be refunded if applicant remains a consumer of the company continuously for twelve (12) months at the same location.

Schedule L-2.

(Canceling Schedules A, B, C, E, K and Z.)

General Lighting Service.

Applicable to general domestic and commercial lighting service, including household appliances and single phase motors not exceeding 3 h.p. total capacity.

Territory.

Applicable to service in entire territory served, outside of incorporated limits.

Rate.

First 10 k.w.h. or less per meter-----	\$1 25 per month
Next 40 k.w.h. per meter per month-----	07 per k.w.h.
Next 150 k.w.h. per meter per month-----	06 per k.w.h.
Next 800 k.w.h. per meter per month-----	05 per k.w.h.
All over 1000 k.w.h. per meter per month-----	04 per k.w.h.

Special Conditions.

(a) A connection charge of \$1 will be required of all applicants for service under this schedule, the same to be refunded if applicant remains a consumer of the company continuously for twelve (12) months at the same location.

Schedule L-3.

(Canceling Schedule Z.)

Street and Highway Lighting.

Applicable to service to street, highway and other public outdoor lighting installations, using bracket, mast-arm, or center suspension construction, and supplied from overhead lines where the company owns and maintains the entire equipment.

Territory.

Applicable to entire territory served by the company.

Rate.

	Monthly charge per lamp, all-night service	Reduction in monthly charge per lamp for each hour reduction in nightly service
Arc lamps, luminous, pendant type—4 ampere-----	\$4 75	12 cents
Incandescent lamps:		
25 watt multiple -----	1 10	1 cent
40 watt multiple -----	1 40	2 cents
50 watt multiple -----	1 55	2 cents
60 watt multiple or 80 C. P. series -----	1 70	3 cents
80 watt multiple or 100 C. P. series -----	2 00	4 cents
100 watt multiple -----	2 50	5 cents
150 watt multiple or 250 C. P. series -----	3 20	7 cents
200 watt multiple -----	3 75	9 cents
250 watt multiple or 400 C. P. series -----	4 00	11 cents
300 watt multiple -----	4 40	13 cents
400 watt multiple or 600 C. P. series -----	4 80	17 cents
500 watt multiple -----	5 25	20 cents

Special Conditions.

(a) All night service is equivalent to 4000 hours per year. When all night service is not desired the rate will be that shown for all night service, modified by the reductions appearing in the last column.

(b) Under the above schedule the company bears the installation, maintenance and operating expenses and provides all necessary lamp renewals.

(c) Where the company is required to furnish lamps with other than its standard equipment an additional charge may be made. For concentric band refractors, or diffusing globe, or special reflectors supplied with incandescent lamps, the extra charge will be 15 cents per lamp per month.

(d) For service to an installation of less than 10 lamps, the charges set forth above will be increased by 10 per cent.

Schedule L-4.**Electrolter Service.**

Applicable to energy supplied to electrolter systems.

Territory.

Applicable to entire territory served by the company.

Rates.

First 100 k.w.h. per k.w. of lamp capacity per month..... 5¢ per k.w.h.
All over 100 k.w.h. per k.w. of lamp capacity per month..... 2 ¢ per k.w.h.

Minimum Charge.

\$36 per year per kilowatt of lamp capacity, but not less than \$10 per month at each point of delivery.

Special Conditions.

This rate covers only electrical energy delivered at one or more central points.

When the company owns all or any part of the electrolter and underground system, or furnishes maintenance, lamp renewals, or similar service, an extra charge, appropriate to the service rendered, will be made in addition to the charge for energy.

Schedule C-1.

(Canceling Schedules J and Z.)

General Heating and Cooking Service.

Applicable to general domestic and commercial heating, cooking, and/or water heating service.

Territory.

Entire territory served by the company.

Rate.

Heating, cooking and/or water heating service—

First 150 k.w.h. per meter per month..... 4.0¢ per k.w.h.
All over 150 k.w.h. per meter per month..... 2.5 ¢ per k.w.h.

Minimum Charge.

First 5 kilowatts or less of connected capacity..... \$3 00 per month

Over 5 kilowatts of connected capacity..... 75 ¢ per k.w. per month

Special Conditions.

(a) Service will normally be 110/220-volt, three-wire, single-phase, alternating current.

(b) Minimum charges are based on the total load which may be connected at any one time.

(c) Connected load will be taken as the nameplate rating of all heating and cooking apparatus permanently installed and which may be connected at any one time, computed to the nearest one-tenth of a kilowatt. All equipment assumed as operating at 100 per cent power factor.

(d) Single-phase motors aggregating 5 horsepower or less may be combined with cooking or heating under this schedule, in which case each horsepower shall be considered equivalent to one kilowatt of connected load in determining the minimum charge.

Schedule C-2.

(Canceling Schedules J and Z.)

Combination Domestic Service.

Applicable to combination domestic lighting, heating, cooking and small power service.

Territory.

Entire territory served by the company.

Rate.

*First 30 k.w.h. per meter per month-----	†
Next 150 k.w.h. per meter per month-----	4.0¢ per k.w.h.
All over 180 k.w.h. per meter per month-----	2.5 per k.w.h.

*For residences, flats, or apartments of more than 8 rooms add 5 kilowatt hours per additional room to the first block.

†Charge for first 30 kilowatt hours of the effective lighting schedule.

Minimum Charge.

First 5 kilowatts or less of connected capacity, exclusive of lighting and lamp socket devices, \$3 per month.

Over 5 kilowatts of connected capacity, exclusive of lighting and lamp socket devices, \$0.75 per kilowatt per month.

Special Conditions.

(a) Service will normally be 110/220-volt, three-wire, single-phase, alternating current.

(b) Minimum charges are based on the total connected load, exclusive of lighting and lamp socket devices, which may be connected at any one time.

(c) This rate applies only where a domestic consumer installs and uses appliances other than lamp socket devices of at least 2 kilowatts capacity, for residences, flats or apartments of 8 rooms or less, and 5 kilowatts for residences, flats and apartments of 9 rooms or more.

(d) Bathrooms, halls and cellars are not classified as rooms.

(e) Connected load will be taken as the nameplate rating of all heating and cooking apparatus permanently installed and which may be connected at any one time, computed to the nearest one-tenth of a kilowatt. All equipment assumed as operating at 100 per cent power factor.

(f) Single-phase motors aggregating 5 horsepower or less may be combined with cooking and heating under this schedule, in which case each horsepower of connected load shall be considered equivalent to one kilowatt of connected load in determining the minimum charge.

Schedule P-1.

(Canceling Schedules D-1, D-2, D-3, E and Z.)

General Power Service.

Applicable to general commercial and industrial power service, to commercial heating and cooking service and to rectifier service. For such service this schedule is optional with Schedule P-2.

Territory.

Entire territory served by the company.

Rate.

Horsepower of connected load	Rate per kilowatt hour for monthly consumptions of			
	First 50 k.w.h. per h.p.	Next 50 k.w.h. per h.p.	Next 150 k.w.h. per h.p.	All over 250 k.w.h. per h.p.
2- 9 h.p. -----	4.5¢	2.5¢	1.5¢	1.2¢
10- 24 h.p. -----	4.2	2.3	1.5	1.2
25- 49 h.p. -----	3.8	2.2	1.4	1.1
50- 99 h.p. -----	3.3	2.1	1.3	1.0
100-249 h.p. -----	2.8	2.0	1.2	.9
250-499 h.p. -----	2.5	1.8	1.1	.8
500 h.p. and over -----	2.2	1.6	1.0	.7

Minimum Charge.

\$1 per horsepower of connected load per month, but in no case less than \$2 per month.

When the consumer signs a contract for service for a period of one year the minimum charges will be made accumulative for the service year. The minimum charges are payable in monthly installments until such time as the accumulative energy charges equal the annual minimum charge.

Special Conditions.

(a) **Voltage.** The above rates apply to service rendered at voltage of 110 and 220 volts under the provisions of Rule and Regulation No. 2.

(b) **Credit for Ownership of Transformers by Consumer.** The company will ordinarily install, own and maintain transformers, but where the consumer owns the transformers or receives energy at primary voltage there will be allowed an annual discount from both minimum and energy charges of \$1.75 per horsepower for the first 15 horsepower of connected load plus \$0.90 for each additional horsepower.

(c) **Measurement of Connected Load.** The connected load will be taken as the horsepower rating of the equipment used, which may at any one time be connected to the company's line, but in no case less than 2 horsepower.

(d) *Maximum Demand.* The above rates and minimum charges may, at the option of the consumer, be based on the horsepower of measured maximum demand instead of horsepower of connected load, in which case the demand on which the rates and minimum charges will be based will be not less than 50 per cent of the connected load, and the minimum bill will be not less than \$50 per month.

The maximum demand in any month will be the average horsepower input (746 watts equivalent) indicated or recorded by instruments to be supplied, owned and maintained by the company and at the company's expense, in the fifteen minute interval in which the consumption of electric energy is more than in any other fifteen minute interval in the month or at the option of the company the maximum demand may be determined by test.

In the case of hoists, elevators, welding machines, furnaces and other installations where the energy demand is intermittent or subject to violent fluctuations, the company may base the consumer's maximum demand upon a five minute interval instead of a fifteen minute interval.

Demands for installations in excess of 250 horsepower of connected load occurring between the hours of 11 p.m. and 6 a.m. of the following day will not be considered in computing charges under this schedule.

(e) *Optional Rate for Larger Installations.* Any consumer may obtain the rates for a larger installation by guaranteeing the rates and minimum charges applicable to the larger installation.

(f) *Rectifier, Heating and Cooking Service.* Mercury arc rectifiers and commercial heating and cooking installations may obtain service under this schedule. For the purpose of determining rates and minimum charges, each kilowatt of connected load will be considered as equivalent to one horsepower.

Schedule P-2.

Intermittent Power Service.

Optional to Schedule P-1 and applicable especially to packing houses, canneries and so forth, where the use of power is intermittent or seasonal.

Territory.

Entire territory served.

Rate.

Demand charge—

First 10 horsepower of connected load..... \$5 00 per h.p. per year

Each additional horsepower..... 3 50 per h.p. per year

Energy charge—

The energy charges are the rates without the minimum charges set forth under Schedule P-1.

The total charge is the sum of the demand and energy charges.

Special Conditions.

The demand charge is payable in five equal monthly installments during the first five months of each service year.

Schedule P-3.

(Canceling Schedules F, G, G-2, H, I, L, M and Z.)

Agricultural Power Service.

Applicable to general farm use, including domestic heating service but excluding domestic cooking and lighting service.

Territory.

Entire territory served by the company.

Rate.

Demand charge—

For the first 5 h.p. of connected load..... \$8 00 per h.p. per year

For the next 45 h.p. of connected load..... 6 00 per h.p. per year

For all over 50 h.p. of connected load..... 4 00 per h.p. per year

Energy charge—

For the first 3,000 k.w.h. per year..... 2.0¢ per k.w.h.

For the next 27,000 k.w.h. per year..... 1.5 ¢ per k.w.h.

For all over 30,000 k.w.h. per year..... 1.25 ¢ per k.w.h.

Total charge—

The total charge is the sum of the demand and energy charges.

Special Conditions.

(a) *Payment.* The demand charge is payable in six equal monthly installments with bills for energy used during the months of April to September, inclusive. The energy charge is payable monthly as energy is used.

(b) *Service Year.* All meters billed at this rate will be read by the company between March 20 and April 1 of each year and the charges will apply to service supplied between such readings of consecutive years.

(c) *Charges for Service Begun or Discontinued During the Service Year.* When the service is first begun or permanently discontinued during the service year the demand charge will be prorated according to the proportion of the six months season from April 1 to September 30, during which service is taken.

Adjustment for permanent increase or decrease in load will be made upon the same basis, considering the old load as discontinuing and the new load as beginning service.

Such adjustments apply only to the permanent discontinuance of service or to the beginning of new service and will not be made when installations shut down only for a few months or for the balance of a season.

(d) *Connected Load.* The above rates and annual charges will be based on the total horsepower rating of all equipment that may be connected to the line at any one time.

(e) *Credit for Service at Primary Voltage.* The company will ordinarily own and maintain any necessary line transformers and supply energy at secondary voltages, in accordance with Rule and Regulation No. 2. When the consumer owns the transformers, or otherwise accepts service at the primary voltage of the company's distribution lines, there will be allowed a discount from the annual charge of \$1.75 per horsepower for the first 15 horsepower of connected load plus \$0.90 for each additional horsepower.

(f) *Application of Schedule to Consumers on Former Schedule M.* The existing surcharge will not apply to bills based on meter readings taken on and after November 1, 1923.

The installment of the demand charge for the quarter ending December 31, 1923, will be payable as provided in Schedule M.

No demand charge will be payable for the quarter ending March 31, 1924.

For the purpose of calculating energy charges all agricultural years terminating after November 1 will be considered as extended to the beginning of the new service year described in special condition (b).

From the commencement of the new service year both demand and energy charges will apply as provided in this schedule.

(g) *Application of Schedule to Consumers Heretofore Billed on Agricultural Schedules Other Than Schedule M.* Consumers heretofore billed on agricultural schedules other than Schedule M will be transferred to this schedule with the first regular meter reading on or after November 1, 1923, and considered as new consumers under special condition (c).

Schedule P-4.

Service to X-ray or Radio Apparatus.

Territory.

Applicable to entire territory served by the company.

Rate.

Where X-ray or radio apparatus is separately served it shall be classed as power equipment and service will be rendered in accordance with the rates for general power service; except that the horsepower minimum provision of any such rate shall be modified as provided below.

At the consumer's option, service to X-ray or radio apparatus may be rendered at the lighting rate, in which case it may be combined (where physically practicable) on the same meter with regular lighting service; provided that the minimum provisions specified below will apply in all cases.

Minimum Charge.

Where the company finds it necessary to install any special equipment, other than the customary meter and service, in order to render service to X-ray or radio apparatus, the minimum monthly charge shall be \$0.50 per kilowatt of X-ray or radio apparatus capacity, or \$0.50 per kilowatt of special transformer capacity required to serve same, but in no case less than \$1 per month.

Where service to an X-ray or radio apparatus does not require the installation of any special equipment, no horsepower (or kilowatt) minimum shall apply, and only the meter minimum specified in the rate used need be considered.

Schedule P-5.

Railway Service.

Applicable to service to Union Traction Company at Santa Cruz.

Rate.

A. C. service ----- 1.20¢ per k.w.h.

Minimum Charge.

None.

Special Conditions.

The same division of operating expenses between the company and the Union Traction Company as has existed in the past will apply.

Schedule P-6.

(Cancelling Schedule N.)

Resale Power Service.

Applicable to electric service to other electric utilities and to municipalities for distribution and resale. Service to be supplied at standard voltages of 2200 volts or over.

Territory.

Entire territory served.

Rate.**(1) Demand charge—**

First 10 k.w. or less of maximum demand----- \$20 00 per month
All over 10 k.w. of maximum demand----- 1 50 per month
plus

(2) Energy charge—

First 100 k.w.h. per k.w. per month----- 1.5¢ per k.w.h.
All over 100 k.w.h. per k.w. per month----- 1.0 ¢ per k.w.h.

Special Conditions.

(a) **Total Charge.** The total charge is the sum of the demand and energy charges given above.

(b) **Voltage.** Service under this schedule will be supplied by the company at standard voltages of 2200 volts or more as available.

(c) **Demand.** The maximum demand in any month will be the average kilowatt delivery of the fifteen minute interval in which the consumption of electric energy is greater than in any other fifteen minute interval in the month. The maximum demand on which the demand charge and energy block will be based will be not less than 10 kilowatts during any month.

(d) **Optional Rate.** Service may be taken under Schedule P-1 at the option of the consumer.

DECISION No. 12769.

LOS ANGELES LUMBER PRODUCTS COMPANY, A CORPORATION,
vs.

SOUTHERN PACIFIC COMPANY, ATCHISON, TOPEKA AND SANTA FE
RAILWAY COMPANY, PACIFIC FREIGHT TARIFF BUREAU.

Case No. 1954.

Decided October 30, 1923.

BY THE COMMISSION.

**OPINION AND ORDER ON APPLICATION FOR SUSPENSION OF
CERTAIN REDUCTIONS IN LUMBER RATES.**

By schedules filed, to become effective October 31, 1923, the Southern Pacific Company, The Atchison, Topeka and Santa Fe Railway Company and Pacific Freight Tariff Bureau, F. W. Gomph, agent, herein-after referred to as defendants, propose to reduce the rates on lumber from producing points in the State of California to consuming points within the State of California, as set forth in Southern Pacific Tariff 634-C, C. R. C. No. 2848; Southern Pacific Tariff No. 1015-B, C. R. C. No. 2923; Atchison, Topeka and Santa Fe Tariff No. 5958-H, C. R. C. 498, and Pacific Freight Tariff Bureau Tariff No. 48-G, C. R. C. No. 311.

The Los Angeles Lumber Products Company, a corporation, filed an application with this Commission October 13, 1923, wherein request is made that the proposed rates be suspended.

The applicant sets forth that it has acquired approximately four billion feet of hemlock and spruce timber in the Queen Charlotte Islands, Canada; that the timber is moved via water carriers to San Pedro in the form of squares, running approximately 18 by 24 inches by 30 feet; at San Pedro the squares are manufactured and the greater part of the production is forwarded to points within the State of California in the form of box and crate shook.

The applicant bases its petition for suspension upon the allegation that the reduction in the lumber rates would result in injury and damage in connection with lumber shipped from its mill located at San Pedro.

Attention is called to the fact that there was filed with this Commission October 3, 1923, a complaint against the Southern Pacific Company, this Commission's number 1951, which calls into question the lumber rates now in effect from San Pedro and that if the reduced rates in the proposed tariffs are permitted to become effective, the existing discrimination will be increased.

Without going into the details of the rate situation it will suffice to here state that the carriers, in their answer to the petition, set forth that the lumber rates from northern California mills to points within the State of California are adjusted to meet competition on lumber moved by water to San Francisco, San Pedro, Santa Cruz, Monterey, San Luis Obispo, Santa Barbara and Ventura; that the rates are affected at other points by reason of this water competition and, therefore, mile per mile from other points in northern California to consuming centers, can not be compared with the lumber rates applying from San Pedro and other coast points to interior points because of the dissimilarity of conditions in the interior, where there is no water competition. Also, there is no reduction proposed in the rates on box and crate shook, the principal output of the Los Angeles Lumber Products Company, and, therefore, to this extent the reduced rates do not change the position of applicant.

It is admitted by defendant that the applicant in the instant proceeding has for some time sought a readjustment of the lumber rates, but after giving consideration to the request, a satisfactory conclusion was not reached and failure of the efforts to informally adjust the San Pedro rates resulted in the filing of Case No. 1951, already referred to.

The defendant carriers also allege they have attempted to maintain lumber rates in northern California, Oregon and Washington to California territory, on a basis that might enable them and the inland mills to secure a portion of the lumber traffic.

During the war period lumber rates were increased on a percentage basis and the higher rates resulted in greater water competition. The

defendant carriers also called attention to the fact that the rates now published, to become effective October 31, 1923, have been under consideration for a period of more than two years.

The amount of lumber moved through the California ports by water carriers is very great. For the months of January, April, July and October, 1922, it is shown that from San Pedro to Los Angeles territory, via the Southern Pacific alone, 205,653 tons moved in by water, while during the same period of time from mills in northern California, Oregon and Washington to Los Angeles territory, all rail, but 25,332 tons were transported.

Telegrams and petitions have been received by this Commission from about fifty retail lumber companies and about seventy-five producing mill companies protesting against any suspension of the rates and urging that the tariffs be permitted to become effective October 31, 1923. These protestants include all of the largest lumber interests in California territory.

In support of the application, a joint telegram was received from four lumber companies located at San Pedro, and from the Los Angeles Chamber of Commerce.

In view of the fact that the defendant carriers are now transporting via their rails but a small percentage of the lumber used at California points near the ports, and the further fact that the very great majority of the lumber mills in the State of California favor the reduction in the rates, and that unless the proposed rates are allowed to go into effect, the defendants and the shippers will be deprived of the advantages which would accrue from the reduction in the rates, also that little or no damage can be done to the applicant by reason of the fact that there would be no reduction in the shock and crate rates, we are of the opinion that the proposed rates should be permitted to go into effect on October 31, 1923, and that this application should be dismissed.

Dated at San Francisco, California, this thirtieth day of October, 1923.

DECISION No. 12770.

IN THE MATTER OF THE APPLICATION OF BAY CITIES TRANSIT COMPANY, A CORPORATION, TO BORROW MONEY FOR THE PURPOSE OF CONSTRUCTING A GARAGE BUILDING.

Application No. 9410.

Decided October 31, 1923,

J. E. Anderson, for Applicant,

By THE COMMISSION.

ORDER.

Bay Cities Transit Company, a corporation engaged in the business of transporting passengers by auto stages between Venice via Santa Monica and Sawtelle to Soldiers' Home and locally in Santa Monica, having applied to the Railroad Commission for permission to execute a mortgage on certain real property in Santa Monica, described in the application, and to issue a three-year 7 per cent note for \$5,000 to Pacific Southwest Trust and Savings Bank for the purpose of paying, in part, the cost of constructing a one-story concrete building to be used as a garage;

And a public hearing having been held before Examiner Williams in Los Angeles and the Railroad Commission being of the opinion that the application should be granted as herein provided and that the money, property or labor to be procured or paid for is reasonably required by applicant;

It is hereby ordered, that Bay Cities Transit Company be and it is hereby authorized to execute a mortgage substantially in the same form as that filed in this proceeding and to issue a three-year 7 per cent note for \$5,000 to Pacific Southwest Trust and Savings Bank for the purpose of providing, in part, the cost of constructing the building referred to herein.

The authority herein granted is subject to further conditions as follows:

1. The authority herein granted to execute a mortgage is for the purpose of this proceeding only and is granted only in so far as this Commission has jurisdiction under the terms of the Public Utilities Act, and is not intended as an approval of said mortgage as to such other legal requirements to which said mortgage may be subject.

2. The authority herein granted will become effective when applicant has paid the minimum fee prescribed by section 57 of the Public Utilities Act, which fee is \$25, and will expire on February 28, 1924.

3. Applicant shall keep such record of the issue and delivery of the note herein authorized and of the disposition of the proceeds as will enable it to file, on or before the twenty-fifth day of each month, a verified report, as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

Dated at San Francisco, California, this thirty-first day of October, 1923.

DECISION No. 12772.

IN THE MATTER OF THE APPLICATION OF J. H. HILFIKER AND HUSTED HEINRICI FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY TO FURNISH ELECTRIC ENERGY IN THE UNINCORPORATED TOWN OF COVELO, MENDOCINO COUNTY.

Application No. 9349.

Decided November 1, 1923.

Thomas, Thomas and McCowen, by *Hale McCowen*, for Applicants.

BY THE COMMISSION.

OPINION.

J. H. Hilfiker and Husted Heinrici, copartners under the firm name and style of Eureka Electric Company, have petitioned the Railroad Commission for an order declaring that public convenience and necessity require the construction and operation by them of an electric plant for the generating and selling of electric current for lighting, heating and power purposes in the unincorporated town of Covelo, county of Mendocino, State of California.

A public hearing was held on said application at Ukiah before Examiner Satterwhite, the matter was submitted and is now ready for decision.

No one appeared in opposition to the granting of said application. The evidence shows that the unincorporated town of Covelo has a population of about 400 people and that neither this community nor Round Valley, in which it is located, is now or ever has been furnished with electric current for the purposes sought in this petition. The nearest public utility generating and selling electric current is located in the town of Willits, about thirty miles away, and there is no immediate prospect that Covelo will be served by this or any other utility. It appears that fifty-six residents of Covelo have petitioned said applicants to construct an electric plant and furnish them with electric current for all the purposes sought in this application and each of these petitioners has entered into an agreement with the applicants to buy and use their electric current for a period of at least two years.

The business men in Covelo have already planned to install a street lighting system in the community and have also agreed to supply the necessary funds to construct this lighting system. There are 103 homes in this community and a great majority of the owners of these homes have indicated a desire to be furnished with electric current. All the schools, churches and other public institutions have also indicated a desire to be served by said applicants.

The board of supervisors of Mendocino County has granted a franchise to said applicants giving them permission to erect all necessary poles and string wires along the public highways of said county.

The record shows that the complete cost of the construction and installation of this proposed electric plant will be about \$9,000 and that the yearly gross revenue will total at least \$4,000 and that applicants expect to earn at least 8 per cent per annum on the total amount of capital invested. It is the purpose of applicants to serve, in the near future, all the people residing in Round Valley, as their equipment will justify them in doing so, but for the present they seek only the authority to serve the community of Covelo.

We have carefully considered the evidence in this proceeding and are of the opinion that the application should be granted.

ORDER.

A public hearing having been held in the above entitled application, evidence having been submitted and the Commission being fully advised:

The Railroad Commission of the State of California hereby declares that public convenience and necessity require the construction and operation by J. H. Hilfiker and Husted Heinrich of an electric plant for the generating and selling of electric current for lighting, heating and power purposes in the unincorporated town of Covelo, county of Mendocino, California.

It is hereby ordered, that a certificate of public convenience and necessity be and the same is hereby ganted to said applicants for the purposes set out in the preceding paragraph.

Dated at San Francisco, California, this first day of November, 1923.

DECISION No. 12788.

IN THE MATTER OF THE APPLICATION OF SUTTER-BUTTE CANAL COMPANY, A CORPORATION, FOR AUTHORITY TO ISSUE NOTE IN RENEWAL OF OUTSTANDING NOTE.

Application No. 7672.

Decided November 5, 1923.

Devlin and Brookman, by *Douglas Brookman*, for Applicant.

By THE COMMISSION.

FIRST SUPPLEMENTAL ORDER.

Sutter-Butte Canal Company having applied to the Railroad Commission for permission to issue a \$50,000 8 per cent note, payable on or

before one year after date to the Reno National Bank of Nevada, for the purpose of refunding the balance due on the note authorized to be issued by Decision No. 10245, dated March 27, 1922, and a public hearing having been held before Examiner Fankhauser, and the Railroad Commission being of the opinion that the money, property or labor to be procured through such issue is reasonably required by applicant and that the application should be granted as herein provided;

It is hereby ordered, that Sutter-Butte Canal Company be and it is hereby authorized to issue to the Reno National Bank of Nevada its unsecured promissory note in the principal amount of \$50,000 to refund the balance (\$50,000) due on the outstanding note issued pursuant to the authority granted by Decision No. 10245, dated March 27, 1922.

The authority herein granted is subject to further conditions as follows:

1. The note herein authorized to be issued may bear interest at not exceeding 8 per cent per annum and shall mature on or before one year after date of this order. Applicant may, if it so desires, issue its note for a period of less than one year and renew it from time to time provided that the combined terms of the note herein authorized and of those issued in renewal shall not exceed one year after date of this order.

2. Applicant shall keep such record of the issue and delivery of the note herein authorized as will enable it to file within thirty days after such issue and delivery a verified report as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

3. The authority herein granted to issue a note will become effective upon the date hereof.

Dated at San Francisco, California, this fifth day of November, 1923.

DECISION No. 12789.

IN THE MATTER OF THE APPLICATION OF SOUTHERN CALIFORNIA
GAS COMPANY FOR AN ORDER AUTHORIZING THE ISSUE AND
SALE OF BONDS.

Application No. 9111.

Decided November 5, 1923.

BY THE COMMISSION.

FIFTH SUPPLEMENTAL ORDER.

Southern California Gas Company, in a supplemental petition filed in the above entitled matter on October 29, 1923, reports that during

the month of September it expended for extensions, additions and betterments to its plants and properties the sum of \$394,831.26 of which \$320,105.14, according to the company, is properly chargeable to capital account and has not heretofore been paid or provided for through the issue of stock or bonds. In addition, it reports that during the month of October it expended \$39,000 in constructing its ten million cubic foot gas holder which amount, added to \$320,105.14, results in the total of \$359,105.14.

The company asks the Commission to make an order authorizing it to use the proceeds from the sale of \$269,328.86 of the bonds authorized by Decision No. 12215, dated June 15, 1923, to finance in part the cost of these extensions, additions and betterments which are described in some detail in a statement filed with the supplemental petition.

The Commission has given consideration to applicant's request and believes it should be granted as herein provided; therefore,

It is hereby ordered, that Southern California Gas Company be and it is hereby authorized to use, on or after the date hereof, the proceeds from the sale of \$269,328.86 of the bonds authorized by Decision No. 12215, dated June 15, 1923, to finance in part such portion of the cost of the extensions, additions and betterments referred to herein as is properly chargeable to capital account as defined by the uniform system of accounts prescribed by this Commission.

It is hereby further ordered, that the order in Decision No. 12215, dated June 15, 1923, as amended, shall remain in full force and effect except as modified by this fifth supplemental order.

Dated at San Francisco, California, this fifth day of November, 1923.

DECISION No. 12792.

IN THE MATTER OF THE APPLICATION OF LEWIS A. MONROE, JOINT AGENT, FOR AN ORDER GRANTING PERMISSION TO ESTABLISH ON ONE DAY'S NOTICE THROUGH JOINT PASSENGER FARES BETWEEN CERTAIN POINTS SERVED BY THE MOTOR TRANSIT COMPANY AND CALIFORNIA TRANSIT COMPANY.

Application No. 8934.

Decided November 5, 1923.

Kidd and Hardy, by *H. W. Kidd*, for the Applicant.
H. H. Gogarty, for Southern Pacific Company.
Warren E. Libby, for Intervenor, Packard Stage Line.

By THE COMMISSION.

OPINION.

The Motor Transit Company, a corporation, Valley Transit Company and California Transit Company by and through their authorized

agent, Lewis A. Monroe, have petitioned the Railroad Commission for an order declaring that public convenience and necessity require the establishment by them of certain additional through joint fares, as set forth in Exhibit "A," attached to said application.

Public hearings on said application were conducted before Examiner Satterwhite at Los Angeles; the matter was duly submitted and is now ready for decision.

W. H. Powell, K. F. Beyerle, R. W. Wilson, T. E. Hutson, C. A. Sansome and L. J. Austin, copartners under the fictitious name of Packard Stage Line, appeared at the hearing and filed a petition in intervention, requesting that said intervenor be granted the same rights to sell and operate on joint tickets with said Valley Transit Company and said California Transit Company, upon the same terms and conditions and subject to the same limitations as those imposed upon said Motor Transit Company, as named in said application.

The applicants above named, protested against the filing and hearing of the petition of intervention by said Packard Stage Line, but the Commission is of the opinion that it is proper to hear and determine in this proceeding the petition of said intervenor, as it embraces the same subject matter and will obviate the necessity of separate or a multiplicity of proceedings.

Motor Transit Company operates a passenger auto stage service between Los Angeles and Bakersfield and other points. Valley Transit Company operates passenger auto stage service between Bakersfield, Porterville, Visalia, Tulare, Fresno, Merced and intermediate points. California Transit Company operates passenger auto stage service between Merced, Turlock, Manteca, Stockton, Sacramento, Livermore, Oakland, San Francisco and intermediate points.

The evidence shows that the time schedules of these three lines make direct connections at the junction points of Bakersfield and Merced and that any and all passengers destined beyond these junction points would enjoy the convenience and advantage of the said proposed joint fares.

The record shows that there is now in effect joint fares both one way and round trip between many points served by the three lines making this application, which fully appears in Supplement No. 16 to California Joint Stage Tariff No. 1-A, to C. R. C. No. 5 of Lewis A. Monroe, joint agent, on file with this Commission. Testimony was offered by said applicants to the effect that one of the officials of the Motor Transit Company had made an actual investigation of the need of the proposed additional joint rates and it appears that particularly north of Merced, there is a substantial demand for these joint rates. It was shown that two passengers a day for Stockton and one passenger a day to Sacra-

mento had been carried for some time and that there were other calls for various points over the route covered. It was shown that the average number of passengers southbound, as well as northbound, daily, are from ten to fifteen over the combined route of said applicants. There is to be no change in any manner in the physical operation of the stages operated by either or any of the lines interested. All passengers will transfer at the junction points of Merced and Bakersfield, the same as is done at this time.

The joint fares now in effect both one way and round trip as shown in said Supplement No. 16 to C. R. C. No. 5, are as follows:

One Way Fares.

Between Los Angeles and—	Route	One way fares
Porterville -----	A	\$7 55
Tulare -----	A	7 80
Fresno -----	A	8 80
Madera -----	A	9 55
Merced -----	A	10 45
Oakland -----	B	12 85
San Francisco -----	B	12 85
San Francisco -----	O	12 85

Route A—Fares apply via Motor Transit Company and Valley Transit Company.

Route B—Fares to and from Oakland and San Francisco apply via Motor Transit Company, Los Angeles to Bakersfield; Valley Transit Company to Merced, and California Transit Company to Oakland or San Francisco, or vice versa; or via Pickwick Stages, N. D., Inc., Los Angeles to San Jose, thence Peerless Auto Stage Association to Oakland or vice versa.

Round Trip Fares.

Between Los Angeles and—	Route	Limit 30 days (Note 1)	Limit 60 days (Note 2)	Limit 90 days (Note 3)
Porterville -----	D	\$12 10		
Tulare -----	D	12 50		
Fresno -----	D	14 10		
Madera -----	D	15 30		
Merced -----	D	16 75		
Oakland -----	E	20 50	\$22 50	
San Francisco -----	E	20 50	22 50	
Oakland -----	F			\$25 00
San Francisco -----	F and G			25 00

Route D—Via Motor Transit Company and Valley Transit Company via Bakersfield.

Route E—Going and returning via Bakersfield and Merced.

Route F—Going and returning via Bakersfield and Merced.

The evidence shows that the establishment of the proposed additional joint fares will prove a great convenience to the traveling public and will eliminate many complaints and errors in fares by the various ticket agents.

The Packard Stage Line operates an automobile stage line in the transportation of passengers and baggage between Los Angeles and Bakersfield via Mojave and Tehachapi and certain intermediate points. Said intervenor offered evidence to the effect that it has many inquiries at its Los Angeles office for connections with northern points served by the said Valley Transit Company and California Transit Company and that considerable passenger traffic has been lost on account of not having these connections. Testimony was offered by said intervenor that both oral and written applications had been made to officials of the Valley

Transit Company and California Transit Company to secure the privilege of selling through tickets for through transportation, but each of these stage lines had declined to enter into any such arrangement or proposal. Said intervenor offered further testimony to the effect that it makes the same connections with said Valley Transit Company and California Transit Company with respect to the transportation of through business and exchange of passengers as those named by the Motor Transit Company and that the intervenor is willing to accept the same terms and conditions as those set forth in the above named application.

After a careful consideration of all the evidence, we are of the opinion that the application of said Motor Transit Company, Valley Transit Company, and California Transit Company should be granted. We are also of the opinion that the petition of intervenor, Packard Stage Line, should be granted for the reason that the public should be given the option of traveling over the intervenor's stage line as well as that of the Motor Transit Company's line.

ORDER.

Public hearings having been held in the above entitled application, evidence having been submitted by said applicants and by said intervenor, and the Commission being fully advised:

The Railroad Commission of the State of California hereby declares that public convenience and necessity require the establishment of certain additional joint fares both one way and round trip between certain points served by said Motor Transit Company, Valley Transit Company, and California Transit Company as hereinafter particularly set forth;

It is hereby ordered, that said applicants, Motor Transit Company, Valley Transit Company, and California Transit Company shall file and publish the following additional joint fares in conformity with the Commission's rules and regulations, between the following points, to wit:

Between Los Angeles and—	Route	One way fare	Round trip fare
Goshen Junction	1	\$8 05	
Visalia	1	8 00	\$13 20
Visalia	2	8 15	13 20
Atwater	3	10 70	
Turlock	3	11 30	
Ceres	3	11 60	
Ripon	3	12 10	
Manteca	3	12 35	
Stockton	3	12 75	
Lodi	3	13 10	
Galt	3	13 60	
Sacramento	3	14 35	

Route 1—Via Motor Transit Company and Valley Transit Company.

Route 2—Via Motor Transit Company and Valley Transit Company, and Tulare-Visalia Stage.

Route 3—Via Motor Transit Company, Valley Transit Company, and California Transit Company.

pany.

The Railroad Commission of the State of California hereby declares that public convenience and necessity require the establishment of certain through joint fares both one way and round trip between certain points served by said Packard Stage Line, Valley Transit Company, and California Transit Company, as hereinafter particularly described;

It is hereby ordered, that said Packard Stage Line, Valley Transit Company, and California Transit Company shall file and publish as their interests shall appear through joint fares in conformity with the Commission's rules and regulations as shown in said Supplement No. 16 to C. R. C. No. 5, Lewis A. Monroe, joint agent, as set forth in detail in the foregoing opinion, and shall also file and publish the following additional joint fares, in conformity with the Commission's rules and regulations, between the following points, to wit:

Between Los Angeles and—	Route	One way fare	Round trip fare
Goshen Junction -----	1	\$8 05	
Visalia -----	1	8 00	\$13 20
Visalia -----	2	8 15	13 20
Atwater -----	3	10 70	
Turlock -----	3	11 30	
Ceres -----	3	11 60	
Ripon -----	3	12 10	
Manteca -----	3	12 35	
Stockton -----	3	12 75	
Lodi -----	3	13 10	
Galt -----	3	13 60	
Sacramento -----	3	14 35	

Route 1—Via Packard Stage Line and Valley Transit Company.

Route 2—Via Packard Stage Line and Valley Transit Company, and Tulare-Visalia Stage.

Route 3—Via Packard Stage Line, Valley Transit Company, and California Transit Company.

Dated at San Francisco, California, this fifth day of November, 1923.

DECISION No. 12793.

IN THE MATTER OF THE APPLICATION OF NEVADA COUNTY TRACTION COMPANY, A CORPORATION, FOR AN ORDER AUTHORIZING APPLICANT PERMANENTLY TO DISCONTINUE AND ABANDON ITS STREET RAILROAD SERVICE AND TRACKAGE ON MILL STREET AND ON A PORTION OF MAIN STREET, IN THE CITY OF GRASS VALLEY, CALIFORNIA.

Application No. 9492.

Decided November 5, 1923.

BY THE COMMISSION.

OPINION.

Nevada County Traction Company, a corporation, has petitioned the Railroad Commission for an order authorizing it to abandon service and suspend operation over its street car tracks located in the city of Grass Valley and consisting of approximately 4165 feet of track commencing

on Mill street at the southwesterly city limits of the city of Grass Valley and extending thence on Mill street to the intersection of Main street, thence upon and along said Main street, easterly to a point 120 feet easterly from the east line of Auburn street. Applicant alleges that the operation of its entire line between the cities of Grass Valley and Nevada City has heretofore been operated at a material loss; that the track and rolling stock equipment used thereon are in a dilapidated condition; that a considerable expense is necessary for the rehabilitation of the line and equipment to bring same up to a proper and efficient operative standard; that it is impossible for the applicant to estimate the amount of traffic over the portion of the line herein proposed to be abandoned, it being but a limited portion of the total mileage operated by applicant as a through route between the above mentioned cities.

The city of Grass Valley has entered into contracts for grading, paving and improvement of certain streets in the city of Grass Valley in which are included Mill street and the portion of Main street upon which is now located the tracks of the applicant herein proposed to be abandoned. At the time the railroad tracks were laid official grades had not been established on the streets now undergoing improvement and the official grade as now established results in the tracks of the applicant being located above the present defined official grade with the result that travel over the streets, if the tracks were permitted to remain on their present grade, would be impracticable and dangerous to both vehicular and pedestrian traffic. The application recites that the work of grading and paving has now been advanced by the contractors employed by the city to a point where it is necessary that something be done as regards the street railway tracks herein proposed to be abandoned, otherwise climatic conditions will necessitate a suspension of the prosecution of the work for many months and that losses will be incurred by both the contractors and the city of Grass Valley by reason of the work being suspended.

The city of Grass Valley, by a resolution of its council duly adopted under date of October 17, 1923, has consented to the abandonment and removal of the trackage as herein prayed for by applicant as evidenced by a certified copy of said resolution attached to the application in this proceeding.

We are of the opinion that this is a matter in which a public hearing is not necessary and that the application should be granted.

ORDER.

Nevada County Traction Company, a corporation, having petitioned the Railroad Commission for an order authorizing the discontinuance and abandonment of a portion of its street railway service in the city

of Grass Valley and for the removal of its tracks on Mill street from the southwesterly boundary of said city of Grass Valley, thence along and upon said Mill street, an approximate distance of 4165 feet to the intersection of Mill street with Main street, thence along and upon said Main street for a distance of approximately 390 feet to a point approximately 120 feet easterly from the easterly line of Auburn street; a resolution of the council of the city of Grass Valley having been presented to the Commission supplementing the application herein and granting the desired authority in so far as the permission of said city council is necessary; the Commission being now fully advised and of the opinion that this is a matter in which a public hearing is not necessary and that the application should be granted.

It is hereby ordered, that this application be and the same hereby is granted.

Dated at San Francisco, California, this fifth day of November, 1925

DECISION No. 12794.

AMERICAN TRONA CORPORATION

vs.

SOUTHERN PACIFIC COMPANY AND TRONA RAILWAY COMPANY.

Case No. 1922.

Decided November 5, 1923.

RATES—STEAM RAILROAD—CRUDE SALT.—The Commission holds that crude salt is a commodity entitled to low rates when compared with other commodities, but nothing in the record is persuasive that the rate from Trona to Bakersfield for a two-line haul should base upon ton per mile earnings in territory where rates are controlled by water and market competition. The Commission finds that the present rate of 25 cents per one hundred pounds is unreasonable and that a reasonable rate is 20 cents per one hundred pounds, with minimum weight of 60,000 pounds.

S. W. Austin and O. W. Tuckwood, for Complainant.

V. S. Andrus, A. A. Johnson, and Elmer Westlake, for Southern Pacific Company, Defendant.

BY THE COMMISSION.

OPINION.

The complainant is a corporation engaged in the production of crude salt at Trona, a station located on the Trona Railway.

By complaint filed June 15, 1923, it is alleged that the rate on crude salt, carloads, from Trona to Bakersfield is unjust, unreasonable and in violation of section 13 of the Public Utilities Act. The complainant asks for the establishment of a just and reasonable joint rate via the Trona Railway and the Southern Pacific Company from Trona to Bakersfield.

A public hearing in this proceeding was held before Examiner Geary at Los Angeles on August 30, 1923, and the case, having been duly submitted, is now ready for an opinion and order.

Defendant Southern Pacific Company, in its answer, denies that the rate in effect on crude salt is either unjust or unreasonable and asks for a dismissal of the proceeding.

Defendant Trona Railway Company admits that the rate assessed is excessive and unreasonable and announces a willingness to participate in a through joint rate from Trona to Bakersfield, as requested by the complainant, provided it be given a satisfactory percentage of the through rate. The Trona Railway Company, although a separate corporation, organized under the laws of the State of California, shows by its annual report filed with this Commission that of the 1500 shares of common stock, 1497 shares are owned by the American Trona Corporation, complainant in this proceeding, whose offices are in New York City. Under these conditions the Trona Railway would, naturally, have no objection to the reduction in the rate.

The terminus of the Trona Railway is at Trona, California, from which point it extends 30.7 miles in a southwesterly direction, connecting with the Southern Pacific Company at Searles, on the line between Mojave and Hazen, Searles being approximately 48 miles north of Mojave, this latter point being 67.8 miles south of Bakersfield, making a total distance from Trona to Bakersfield of 146½ miles.

Reference is made in the complaint to a joint rate of \$5.20 per ton, with a minimum weight of 40,000 pounds from Trona to Bakersfield, shown in item 150, Southern Pacific Company's Joint and Proportional Freight Tariff No. 263-I, C. R. C. 2756. This reference is in error, as the rate covers common salt, while the complaint is against the rate applying to crude salt. The correct rate on crude salt is \$5 per ton applying from Trona to San Francisco holding Bakersfield as maximum, as set forth in item 180 of the same tariff.

The crude salt forwarded from Trona is mined from a dry lake and is shipped out without being manufactured in any manner. The process of handling is entirely a surface operation, the salt being first plowed and then gathered with an ordinary road scraper into small narrow-gauge cars, hauled approximately 6½ miles over the lake bed to Trona, where it is loaded into standard gauge equipment furnished by the Southern Pacific Company. In the condition shipped the salt can not be used for human consumption, and has a value of about \$3 per ton f. o. b. Trona. While the tariffs provide a minimum weight of 50,000 pounds and 80,000 pounds, dependent upon the destination, the record shows that the cars are in most every instance loaded in excess of the required minimum, the average loading approximating 88,000 pounds.

From the exhibits presented by both the complainant and the defendant it would appear that there are a number of salt producing points in California located in the interior, with which this complainant comes in competition in marketing its product. These points are located at Saltus, Saltmarsh and Milligan on the Santa Fe, and Saltdale and Tramway on the Southern Pacific. With the exception of Milligan, none of these interior producing points ships crude salt into the Bakersfield territory. Salt is also produced in large quantities on the ocean front, the principal producing points being located at San Diego, National City and other points in southern California, and in the northern part of the state at San Francisco bay points, Leslie, Redwood City, Russell, Mt. Eden, Alvarado and Newark.

The complainant introduced a number of exhibits carrying rates on crude salt showing a much lower basis than the 25 cent rate in effect from Trona to Bakersfield, but the rates quoted were principally from salt producing points located on the ocean front to territory located on the water or to points near the local salt plants.

The following table, compiled from the different exhibits, is illustrative of the rates and distances from salt producing points to specified destinations:

From	To	Miles	Rate
Trona	Bakersfield	146½	25 cents
Trona	San Francisco	448	25 cents
Trona	Los Angeles	179½	11 cents
Saltmarsh	Los Angeles	266	12½ cents
Saltus	Los Angeles	230	11 cents
Saltus	Bakersfield	230	22½ cents
Saltus	San Francisco	541	22½ cents
Tramway	Los Angeles	255	12½ cents
Tramway	San Francisco	572	25 cents
Saltdale	Los Angeles	129	7 cents
Saltdale	San Francisco	397	25 cents

It will be readily seen from the foregoing tabulation that mileage was not the controlling influence in building these rates from interior salt producing points to the large consuming centers located at Los Angeles and San Francisco and territory adjacent thereto. These rates, as the testimony clearly indicates, were made mainly to meet commercial and competitive conditions without particular reference to mileages. They are rates the carrier may, at its own election, publish, but which the Commission could not compel. Therefore, because of the controlling influence, they do not afford a proper measure of the reasonableness of the rate in issue. When comparisons of rates are made they must, to have any particular value, be compared with rates where the circumstances and conditions are similar, and not with rates depressed to meet commercial and competitive situations.

As heretofore stated, complainant's competition at Bakersfield is only with the 22½ cent rate from Milligan, a station on the Santa Fe, 266 miles south of Bakersfield. This Milligan rate, however, is the rate from Saltmarsh to Pittsburg for a distance of 534 miles, with Bakersfield receiving the benefit as an intermediate point. Salt takes the Class D rate, which is 44 cents at Bakersfield, and would govern were the commodity rate of 22½ cents to Pittsburg not in effect. This Santa Fe rate of 22½ cents is for a one-line haul, while the 25 cent rate complained of, Trona to Bakersfield, is for a two-line haul, totaling 146½ miles.

Southern Pacific Tariff No. 726-C, C. R. C. 2852, carrying rates on fertilizer and fertilizer materials, contains distance rates and for 146½ miles the rate on animal manure is 14 cents, on lime refuse 13 cents, and on powdered lime rock 12½ cents. Tariff 332-D, C. R. C. 2815, carries rates on lime, Colton to Bakersfield, 226 miles, of 18½ cents, and from Tehachapi to Visalia, 149 miles, of 14 cents. The transportation under these rates is in the same general territory and reflects the volume of the charges on commodities given similar service.

Exhibit No. 7, filed by the defendant Southern Pacific Company, sets forth the physical characteristics of the route over which the tonnage moves from Searles, the junction point with the Trona Railway into Bakersfield. This exhibit shows that there is an average of .41 of curved track per mile of road, many severe grades and that for approximately 42 miles of the 117 miles from Searles to Bakersfield helper engines are necessary in order to take the trains over the grade. This part of defendant's testimony was presented to show that the difficult operating conditions justify the rate now in effect.

Crude salt is a commodity which, by reason of its density, volume, manner of loading, freedom from damage, and the equipment employed, is entitled to low rates when compared with other commodities, but nothing in the record before us is persuasive that the rate from Trona to Bakersfield for a two-line haul should base upon ton per mile earnings in territory where rates are controlled by water and market competition. Many of the rate comparisons employed by the complainant referred to situations where carriers publish depressed rates to meet competitive conditions.

Considering all of the facts appearing of record, we are of the opinion and find that defendants' present rate of 25 cents per 100 pounds is unreasonable for crude salt in carloads from Trona to Bakersfield. We further find that a reasonable rate is 20 cents per 100 pounds from Trona to Bakersfield, with a minimum weight of 60,000 pounds.

ORDER.

This case being at issue upon complaint and answers on file, having been duly heard and submitted by the parties, full investigation of the matters and things involved having been had, and this Commission having on the date hereof made and filed its opinion and conclusions thereon, which said opinion is hereby referred to and made a part hereof;

It is hereby ordered, that the above defendants be and they are hereby notified and required to cease and desist on or before December 10, 1923, from publishing or applying to the transportation of crude salt from Trona to Bakersfield, in carloads, minimum weight 80,000 pounds, rate of 25 cents per 100 pounds, which is hereby found to be excessive and unreasonable; and

It is hereby further ordered, that the said defendants be and they are hereby notified and required to establish on or before December 10, 1923, upon notice to this Commission and the general public by not less than five (5) days filing and posting, in the manner prescribed in section 14 of the Public Utilities Act, and thereafter to maintain and apply to the transportation of crude salt from Trona to Bakersfield rate of 20 cents per 100 pounds, carloads, minimum weight 60,000 pounds.

Dated at San Francisco, California, this fifth day of November, 1923.

DECISION No. 12796.

IN THE MATTER OF THE APPLICATION OF PACIFIC GAS AND ELECTRIC COMPANY, A CORPORATION, FOR AN ORDER OF THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA GRANTING TO APPLICANT A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY TO EXERCISE THE RIGHT, PRIVILEGE AND FRANCHISE GRANTED TO APPLICANT BY ORDINANCE NUMBER ONE HUNDRED TWENTY-SEVEN OF THE BOARD OF SUPERVISORS OF THE COUNTY OF SONOMA, STATE OF CALIFORNIA.

Application No. 9345.

Decided November 6, 1923.

C. P. Cutten, for Pacific Gas and Electric Company.

SEAVEY, Commissioner.

OPINION.

Pacific Gas and Electric Company applies for an order of the Railroad Commission certifying that public convenience and necessity require the exercise of a franchise for the transmission and distribution of gas granted by the board of supervisors of Sonoma County.

Pacific Gas and Electric Company now operates gas plants in San Rafael, Marin County, and in Santa Rosa, Sonoma County, distributing gas from the latter plant in the cities of Santa Rosa and Petaluma. The growth of the load upon the Santa Rosa plant and the development

of the art of manufacturing gas in central plants and its transmission under high pressure have prompted the company to undertake the installation of a high pressure pipe line from the San Rafael plant to supply the Santa Rosa and Petaluma systems. The ultimate result will be the closing out and abandonment of the Santa Rosa plant and the concentration of the manufacture of gas for this territory in a larger and more efficient plant in San Rafael. The construction of the transmission line will also enable the company to supply gas in a number of small communities through which the line will pass, but which could not by themselves support individual plants or transmission lines.

The franchise referred to in the present application covers the laying of this transmission line and tributary distribution systems along the public roads of Sonoma County. It contains provisions usually found in such franchises, among them the requirement of a payment to the county of Sonoma of 2 per cent of the gross receipts arising from operations under the franchise; such payments to commence five years after the date of grant of the franchise.

No other utility is distributing gas in any part of the territory covered by the franchise and the application was uncontested. Pacific Gas and Electric Company has filed with this Commission a satisfactory stipulation that it will never claim a value for the franchise in excess of \$250, which was the actual amount paid for the franchise to the county of Sonoma.

I recommend the following form of order:

ORDER.

Pacific Gas and Electric Company having applied to the Railroad Commission for an order declaring that public convenience and necessity require the exercise by Pacific Gas and Electric Company of the right, privilege and franchise granted it by Ordinance No. 127 of the board of supervisors of the county of Sonoma, a public hearing having been held, the matter being submitted and now ready for decision, and Pacific Gas and Electric Company having filed with this Commission, in satisfactory form, a stipulation that it will never claim before this Commission, nor any other public body, a value for said franchise in excess of the cost thereof:

The Railroad Commission hereby finds and declares that public convenience and necessity require the exercise by Pacific Gas and Electric Company of the right, privilege and franchise granted by Ordinance No. 127 of the board of supervisors of the county of Sonoma..

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this sixth day of November, 1923.

DECISION No. 12806.

IN THE MATTER OF THE APPLICATION OF THE PACIFIC TELEPHONE AND TELEGRAPH COMPANY, A CORPORATION, FOR AN ORDER OF THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA GRANTING IT A CERTIFICATE THAT PUBLIC CONVENIENCE AND NECESSITY REQUIRE THE EXERCISE BY IT OF THE RIGHTS AND PRIVILEGES CONFERRED UPON IT UNDER THE FRANCHISE GRANTED IT BY THE CITY COUNCIL OF THE CITY OF STOCKTON BY ORDINANCE NUMBER EIGHT HUNDRED NINETEEN ON THE THIRD DAY OF JANUARY, ONE THOUSAND NINE HUNDRED TWENTY-THREE.

Application No. 9030.Decided November 10, 1923.

H. E. Owens, for Applicant.*MARTIN*, Commissioner.

OPINION.

The Pacific Telephone and Telegraph Company, in the above entitled proceeding, requests this Commission for an order granting it a certificate that public convenience and necessity require the exercise by it of the rights and privileges conferred upon it under the franchise granted it by the city council of the city of Stockton by Ordinance No. 819, dated January 3, 1923. A copy of said franchise is set forth in this application.

Applicant is now and for a long time has been engaged in a general telephone and telegraph business in the city of Stockton and it appears that public convenience and necessity will be served by the granting of applicant's request.

ORDER.

The Pacific Telephone and Telegraph Company having requested this Commission for an order granting it a certificate that public convenience and necessity require the exercise by it of the rights and privileges conferred upon it under a certain franchise granted it by the city council of the city of Stockton; a copy of said franchise having been filed with the Railroad Commission; The Pacific Telephone and Telegraph Company having stipulated in form satisfactory to this Commission as to a claim for value of said franchise, and that its successors or assignees will never claim before the Railroad Commission or before any court or other public body any value for the aforesaid franchise in excess of the sum of \$300, the amount actually paid by it to the city of Stockton; a public hearing having been held upon the above entitled proceeding, the matter being submitted and now ready for decision:

The Railroad Commission hereby declares that public convenience and necessity require the exercise of the rights and privileges contained in the said franchise; and

It is hereby ordered, that a certificate of public convenience and necessity be and the same is hereby granted to The Pacific Telephone and Telegraph Company authorizing the exercise by it of the rights and privileges conferred upon it by Ordinance No. 819, passed on January 3, 1923, by the city council of the city of Stockton.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this tenth day of November, 1923.

DECISION No. 12816.

IN THE MATTER OF THE APPLICATION OF SANTA PAULA WATER WORKS, A CORPORATION, FOR AUTHORITY TO INCREASE RATES.

Application No. 9293.

Decided November 10, 1923.

RATES—WATER UTILITY.—Santa Paula Water Works is entitled to a reasonable return on a rate base of \$200,000. Estimates of the revenue of the utility on this base for 1921–1922 indicate a return of 5.61 per cent on a rate base of \$200,000, and it is apparent that the utility is entitled to an increase in rates. The Commission accordingly authorized applicant to file a schedule of rates within twenty days, effective for water delivered subsequent to November 30, 1923, which are held to be just and reasonable.

Farrand and Slosson, by *Leonard B. Slosson*, for Applicant.

BY THE COMMISSION.

OPINION.

Santa Paula Water Works, applicant in the above entitled proceeding, is engaged in the distribution and sale of water for domestic and irrigation uses in and in the vicinity of Santa Paula, Ventura County.

It is alleged that the present schedule of rates does not produce sufficient revenue to provide a just and reasonable return upon the capital invested, and that necessary additions and improvements to the system, together with the replacement of mains on streets that are to be paved, will require additional expenditures. Authority is therefore asked to increase the present rates in accordance with a schedule proposed by applicant.

A public hearing in this matter was held before Examiner Williams at Santa Paula. All interested parties had been properly notified and were given an opportunity to appear and to be heard.

This utility was organized in 1891 and its present system consists of a dam in Santa Paula Creek diverting the water into a concrete conduit, which carries it to a storage reservoir located on a hillside above the city. From this point the water is distributed to the domestic consumers through a system of mains of apparently adequate size and capacity. The total number of services attached to the system is 1420, of which 95 per cent are metered. Water for such irrigation service as is furnished is delivered from the conduit between the dam and the reservoir.

At times when the gravity supply has been insufficient for all requirements the utility has paid for the operation of a pumping unit owned by Thermal Belt Water Company, a mutual organization which controls the Santa Paula Water Works through ownership of about 90 per cent of the stock. Water thus supplied was pumped directly into the system, any surplus going into the reservoir. This auxiliary supply is no longer available and the utility is now installing a pumping and booster unit which will obviate the necessity for assistance from the Thermal Belt Company. When all proposed improvements are completed the water requirements of this community will be amply provided for.

The present rates charged by applicant are in general those established by Ordinance No. 72, passed by the board of trustees of the city of Santa Paula, June 25, 1914. This ordinance establishes various flat rate charges and in addition the following meter rates:

For 1000 cubic feet (7500 gallons) or less, used in any one month through each meter, a minimum charge of (for each separate consumer)-----	\$1 00
For each 100 cubic feet (750 gallons) in excess of the minimum quantity (1000 cubic feet), and not exceeding 7000 cubic feet-----	07½
For each 100 cubic feet (750 gallons) used in excess of 7000 cubic feet-----	05

On October 2, 1918, applicant filed with the Commission an amendment to the foregoing meter rates providing that the ordinance rates should be effective for all water used in any one month up to 30,000 cubic feet and that use in excess of that quantity should be paid for at the rate of \$0.025 per 100 cubic feet. Some consumers have been receiving water at special flat or meter rates which have not been filed with this Commission, as is required by general orders. It is unnecessary to go further than to state that such special rates are discriminatory and should be discontinued.

Charges against the city of Santa Paula are made at a flat rate of \$156 per annum for all municipal purposes, including fire hydrant use.

The present rates for irrigation service are on a graduated scale, depending upon the flow of water in Santa Paula Creek. When water is wasting over the diversion dam a rate of 15 cents per miner's inch-day is charged, the rate increasing to fifty cents per inch-day when the

gravity flow is insufficient to supply the needs of the city and pumping is required.

Testimony offered by applicant purported to show that a return should be allowed upon the sum of \$211,469.91, this amount including lands, physical property and water rights as they existed on January 1, 1923, and also the estimated cost of certain proposed improvements.

John Spencer, one of the Commission's hydraulic engineers, presented a report covering in detail the capital investment, maintenance and operation expenses, rates, revenues, and other data pertaining to the system. The estimated original cost of the property used and useful in the service of the public, installed or in actual process of installation as of the date of the report, was shown as \$155,311. This figure does not include any value for water rights or other intangibles, nor does it include the total cost of all proposed improvements. To replace property worn out in the service of the public a depreciation annuity of \$2,137 was provided, which was computed by the 6 per cent sinking fund method.

Maintenance and operation expenses for the years 1919 to 1922, inclusive, were reported as \$9,225.60; \$9,836.38; \$11,785.28 and \$9,978.06. Mr. Spencer's estimate of reasonable future maintenance and operation expenses, amounting to \$12,711 per annum, provides for the operation of the new pumping plant and other necessary additional expenses.

To correspond with the above years the revenues were \$19,872.83; \$22,544.40; \$26,457.33 and \$25,021.45, respectively. The maximum revenue from the irrigation service in any one year was 20 per cent and the minimum 12 per cent of the foregoing total revenues.

Surplus water has been delivered by the utility to Thermal Belt Water Company at a fixed sum of \$2,500 per annum previous to 1919 and from and including that year at \$1,250 per annum, the charge being reduced on the claim that the quantity had been lessened by one-half. As the amount delivered will fluctuate we believe it more equitable to all concerned to place this delivery on a measured basis.

The city of Santa Paula has inaugurated an extensive program of street paving and the utility is proceeding with the replacement of its present mains with cast-iron pipe, in the streets to be paved. Considerable additional capital will be required to complete the replacements and it is proper that the rate base should reflect the necessary expenditures as well as the reasonable cost of litigation in connection with applicant's right to divert the waters of Santa Paula Creek. A careful consideration of all the evidence submitted leads to the conclusion that the sum of \$200,000 is a reasonable rate base for the purpose of this proceeding, and that \$1,800 should be allowed as a depreciation

annuity, the reduction from Mr. Spencer's recommended figure being made on account of the longer life of cast-iron pipe with which replacements of the present distribution pipes are being made.

Based upon the various items set out in the foregoing discussions of costs of operation, rate base, depreciation annuity and revenues, the results of operation for the future may reasonably be assumed as follows:

Maintenance and operation expense	\$12,711 00
Depreciation annuity	1,800 00
Total expense	\$14,511 00
Revenues (average of revenues for the years 1921 and 1922)	\$25,740 00
Total expense	14,511 00
Net revenues	\$11,229 00

This is equivalent to a return of 5.61 per cent upon a rate base of \$200,000, heretofore found reasonable, and it is apparent that the utility is entitled to an increase in rates. The schedule authorized in the accompanying order will yield a reasonable return to the utility and the rates set out therein are extremely reasonable when compared with the rates charged by other utilities operating under similar conditions.

ORDER.

Santa Paula Water Works, a corporation, engaged in the distribution and sale of water for irrigation and domestic uses in and in the vicinity of Santa Paula, Ventura County, having made application as entitled above, a public hearing having been held thereon, the matter having been submitted and the Commission being now fully informed in the matter:

It is hereby found as a fact that the rates now charged by Santa Paula Water Works, a corporation, for water delivered to consumers in and in the vicinity of Santa Paula, Ventura County, are unjust and unreasonable in so far as they differ from the rates herein established, and that the rates herein established are just and reasonable rates for such service.

Basing the order upon the foregoing finding of fact and upon the statements of fact contained in the preceding opinion;

It is hereby ordered, that Santa Paula Water Works, a corporation, be and the same is hereby authorized to file with this Commission within twenty (20) days from the date of this order the following schedule of

rates for water delivered to consumers in and in the vicinity of Santa Paula, Ventura County, subsequent to November 30, 1923:

Monthly Meter Rates.

700 cubic feet or less.....	\$1 00
From 700 to 5000 cubic feet, per 100 cubic feet.....	10
From 5000 to 10,000 cubic feet, per 100 cubic feet.....	07
Over 10,000 cubic feet, per 100 cubic feet.....	05

Monthly Minimum Meter Charge.

For $\frac{1}{8}$ -inch meter.....	\$1 00
For $\frac{1}{4}$ -inch meter.....	1 50
For 1 -inch meter.....	2 00
For $1\frac{1}{2}$ -inch meter.....	3 25
For 2 -inch meter.....	5 00
For 3 -inch meter.....	8 00
For 4 -inch meter.....	12 00

Each of the foregoing monthly minimum charges will entitle the consumer to the quantity of water which that minimum charge will purchase at the "monthly meter rates" set out above.

Monthly Flat Rates.

Each consumer now charged at flat rates shall be charged in accordance with the flat rate schedule established by Ordinance No. 72 of the city of Santa Paula, heretofore referred to, and shall continue to be so charged until such time as a meter is installed upon that service.

Municipal Use.

Fire hydrants, from less than four-inch mains, per month, each.....	\$0 50
Fire hydrants, from four-inch mains and larger, per month, each.....	1 50
All other municipal uses at regular meter rates.	

Irrigation Rates.

When water is wasting over diversion dam in Santa Paula Creek, per miner's inch (1/50 of one cubic foot per second), per day of 24 hours.....	\$0 15
When water ceases to waste over dam and previous to inauguration of pumping, per miner's inch (1/50 of one cubic foot per second), per day of 24 hours	30
When gravity flow of water is insufficient to supply the city of Santa Paula and pumping operations by the utility are necessary, per miner's inch (1/50 of one cubic foot per second), per day of 24 hours.....	60

Surplus Water Delivered to Thermal Belt Water Company.

Water delivered to above company after all consumers are supplied to their maximum demands and before pumping plant is operated, per miner's inch (1/50 of one cubic foot per second), per day of 24 hours.....	\$0 10
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It is hereby further ordered, that Santa Paula Water Works be and it is hereby directed to file with this Commission within thirty (30) days from the date of this order, rules and regulations to govern relations with its consumers, such rules and regulations to become effective upon their acceptance by the Commission.

Dated at San Francisco, California, this tenth day of November, 1923.

DECISION No. 12817.

IN THE MATTER OF THE APPLICATION OF W. C. DUNLAP, DOING BUSINESS UNDER THE FICTITIOUS NAME OF "ORIGINAL STAGE LINE," TO TRANSFER HIS ASSETS, FRANCHISE AND RIGHTS TO OPERATE A STAGE LINE BETWEEN THE CITY OF LOS ANGELES AND THE CITY OF SAN FERNANDO AND INTERMEDIATE POINTS TO ORIGINAL STAGE LINE, INC., A CORPORATION; AND APPLICATION OF ORIGINAL STAGE LINE, INC., TO TAKE OVER THE FRANCHISE, OPERATING RIGHTS AND PHYSICAL ASSETS OF ORIGINAL STAGE LINE AS OPERATED BY W. C. DUNLAP AND TO ISSUE THEREFOR STOCK IN SAID CORPORATION; AND APPLICATION OF R. F. FITZ CONCURRING IN THE APPLICATION OF W. C. DUNLAP AND THE APPLICATION OF ORIGINAL STAGE LINE, INC.

Application No. 9086.
Decided November 13, 1923.

Clyde R. Moody and G. E. Overstreet, for Applicant.

BY THE COMMISSION.

OPINION.

In this application, as amended, the Railroad Commission is asked to make an order authorizing W. C. Dunlap, doing business under the firm name and style of Original Stage Line, to transfer his rights and properties to Original Stage Line, Inc., a corporation, and authorizing Original Stage Line, Inc., to issue \$100,000 of stock and to assume the payment of \$36,447.90 of indebtedness in payment for such rights and properties, and to issue \$300 of stock to its directors for qualifying purposes.

The record shows that W. C. Dunlap is engaged in operating auto stages for the transportation of passengers between Los Angeles via Glendale, Burbank and intermediate points to San Fernando, conducting his business under rights secured by reason of having operated in good faith prior to and continuously since the effective date of the Auto Stage and Truck Transportation Act. W. C. Dunlap reports operating revenues for the year ending December 31, 1922, as \$136,923.40, and for the seven months ending July 31, 1923, as \$87-145.11. Operating expenses, including depreciation and taxes, were reported as \$122,220.27 in 1922 and \$74,201.43 for the first seven months of 1923; and net profit, after deducting interest, as \$12,646.19 for the year 1922 and \$12,594.19 for the seven months period of 1923.

Original Stage Line, Inc., was organized on or about February 2, 1923, with an authorized capital stock of \$150,000 divided into 1500 shares of the par value of \$100 each, all common. The company proposes at this time to issue and sell \$300 of stock to its directors and to deliver \$100,000 of stock in payment for the properties, subject to outstanding indebtedness of W. C. Dunlap. The properties to be acquired

and the indebtedness to be assumed by the corporation are shown, as of October 17, 1923, as follows:

<i>Assets.</i>	
Passenger cars	\$83,574 13
Service cars	250 00
Shop machinery and tools.....	3,088 78
Furniture and office appurtenances.....	2,199 37
Materials and supplies.....	3,716 26
Cash	5,131 68
Total assets	\$97,960 22
<i>Liabilities.</i>	
Notes payable	\$34,985 72
Accounts payable	1,462 18
Total liabilities	\$36,447 90
Net worth	61,512 32
Total	\$97,960 22

The application indicates that the \$83,574.13 represents the original cost of the passenger cars. The \$36,447.90 of outstanding indebtedness representing, for the most part, payments to be made on automobiles, will be assumed by the corporation.

We do not believe that we are justified in making an order authorizing Original Stage Line, Inc., to issue \$100,000 of stock and to assume the payment of \$36,447.90 of indebtedness in payment for the properties and rights of W. C. Dunlap. We believe the corporation should be permitted to issue such an amount of stock as is approximately equal to the net worth as reported by applicants.

The order herein will authorize the issue of \$61,500 of stock plus \$300 for directors' shares.

ORDER.

Application having been made to the Railroad Commission for an order authorizing the transfer of operative rights and of properties and the issue of stock and the assumption of indebtedness, a public hearing having been held before Examiner Fankhauser, and the Railroad Commission being of the opinion that the application should be granted as herein provided;

It is hereby ordered, that W. C. Dunlap, doing business under the firm name and style of Original Stage Line, be and he is hereby authorized to transfer his operative rights and properties referred to in the foregoing opinion to Original Stage Line, Inc., and Original Stage Line, Inc., be and it is hereby authorized to acquire such rights and properties, and in full payment therefor to issue \$61,500 of stock and to assume the payment of not exceeding \$36,447.90 of indebtedness.

It is hereby further ordered, that Original Stage Line, Inc., be and it is hereby authorized to issue and sell for cash, at not less than par, \$300 of its capital stock and to use the proceeds for working capital.

It is hereby further ordered, that the application in so far as it relates to the issue of \$38,500 of stock be and it is hereby dismissed without prejudice.

The authority herein granted is subject to further conditions as follows:

1. W. C. Dunlap shall immediately cancel all time schedules, tariffs, rates and classifications at present on file with the Railroad Commission, and Original Stage Line, Inc., shall file immediately new time schedules, tariffs, rates and classifications, or adopt as its own the time schedules, tariffs, rates and classifications heretofore filed with this Commission by W. C. Dunlap, all such new time schedules, tariffs, rates and classifications to be identical with those heretofore filed with this Commission; such cancellation and filing to be in accordance with the provisions of the Railroad Commission's General Order No. 51, and other regulations of the Commission.

2. The rights and privileges, the transfer of which are herein authorized, may not again be transferred, assigned, leased, sold or hypothecated or operations thereunder discontinued unless the written consent of the Railroad Commission to such transfer, assignment, lease, sale, hypothecation or discontinuance shall have first been secured.

3. No vehicle may be operated by Original Stage Line, Inc., under the authority contained in this decision unless such vehicle is owned by said company, or leased by it, under a contract or agreement on a basis satisfactory to the Railroad Commission.

4. The transfer of the operative rights herein authorized and the required cancellation of filings of tariffs and schedules shall be made no later than 90 days from the date of this order, unless the time for effecting the authorized transfer and the cancellation and filing of tariffs shall be extended by a further order of the Commission.

5. Within 30 days after the issue and delivery of the stock herein authorized, Original Stage Line, Inc., shall file with the Railroad Commission a verified report, as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

6. The authority herein granted to transfer rights and properties and to issue stock will become effective when applicant has paid the fee under section 57 of the Public Utilities Act, which fee amounts to \$37 and will expire on February 1, 1924.

Dated at San Francisco, California, this thirteenth day of November, 1923.

DECISION No. 12822.

IN THE MATTER OF THE APPLICATION OF SOUTHERN CALIFORNIA EDISON COMPANY, A CORPORATION, FOR AUTHORITY TO MAKE, EXECUTE AND DELIVER A TRUST INDENTURE COVERING ALL OF ITS PROPERTIES OF EVERY KIND AND CHARACTER WHATSOEVER TO SECURE A BONDED INDEBTEDNESS ALREADY AUTHORIZED AND TO BE HEREAFTER AUTHORIZED AND TO ISSUE AND SELL TWELVE MILLION FIVE HUNDRED THOUSAND DOLLARS FACE VALUE OF BONDS TO BE ISSUED UNDER, AND SECURED BY, SAID TRUST INDENTURE.

Application No. 9466.Decided November 13, 1923.

BY THE COMMISSION.

FIRST SUPPLEMENTAL ORDER.

On October 24, 1923, by Decision No. 12747, in the above entitled application, the Railroad Commission authorized Southern California Edison Company to issue and sell \$12,500,000 of refunding mortgage 6 per cent twenty-year gold bonds subject, among others, to the condition that none of the bonds be delivered until the Commission by supplemental order had authorized applicant to execute a mortgage or deed of trust to secure the payment of the bonds.

On October 30, 1923, the company filed with the Commission a copy of its proposed mortgage or deed of trust to secure the payment of an authorized issue of the \$250,000,000 of bonds and also bonds representing further bonded indebtedness which may hereafter be authorized by the stockholders of the company. The mortgage or deed of trust permits the issue of bonds in series. The initial series of bonds to be issued shall bear the designation of Series of 6's due 1943 and bear 6 per cent interest payable semiannually on the first day of April and the first day of October.

The bonds of any other series may be dated as of such date; bear such rate of interest payable at such times; mature at such times not more than twenty-five years from their date; be payable and subject to registration and transfer at such place or places; contain such provisions as to payment of, or payment without deduction for, or reimbursement for, any tax or taxes; contain such provisions for a sinking fund and exchange for or conversion into shares of stock or other securities; be redeemable upon such terms; and contain such other provisions, not inconsistent with the terms of the mortgage or deed of trust, as may be specified in such bonds and in the resolution of the board of directors and in the supplemental indenture, if any, providing for the issuance of such series.

Under the proposed mortgage or deed of trust the trustee may certify bonds, provided the company has complied with the conditions of the mortgage or deed of trust, equal in amount to 75 per cent of the net amount of additional property which the company shall have purchased, constructed or otherwise acquired subsequent to August 31, 1923.

The company in article four of the proposed mortgage or deed of trust covenants that, for the purpose of maintaining the security afforded by the mortgage or deed of trust against the effects on the mortgaged property of age, wear, obsolescence, inadequacy or other factor causing lessening in value of the properties, it will deposit in a special trust fund with the Harris Trust and Savings Bank, trustee, on the first day of May and on the first day of November in each and every year beginning with the year 1924, an amount of cash equal in each case to one per cent of the aggregate principal amount of all bonds of the company which shall at the time be outstanding under the mortgage or deed of trust and which shall not have previously been called for redemption and all debentures of 1919 and all underlying bonds. The company is permitted to deduct from such payments the amount which it has paid into sinking funds under the several underlying mortgages or deeds of trust. The cash deposited with the trustee may be used by the company to retire bonds or to construct or acquire additional properties. For the purpose of maintaining a proper relation between the amount in the special trust fund and the purposes for which it is created, the mortgage or deed of trust provides for a redetermination of the amount to be paid into such special trust fund at the end of every five-year period. Because of article four, the Commission has requested Southern California Edison Company to file a stipulation as follows:

Southern California Edison Company does hereby stipulate and declare that neither it nor its successors or assigns will ever claim before the Railroad Commission of the State of California that said Commission, by authorizing the execution of said trust indenture, has exercised its jurisdiction under section forty-nine of the Public Utilities Act of the State of California, to prescribe the manner in which Southern California Edison Company, mortgagor under said trust indenture, shall keep its depreciation accounts and set aside and use its depreciation reserve or depreciation fund and that Southern California Edison Company, notwithstanding the execution under authorizing order of the Railroad Commission of said mortgage containing covenants set forth in article four thereof, is still subject to such orders as the Railroad Commission may hereafter issue in the exercise of its jurisdiction either under section forty-nine of the Public Utilities Act or under any other section of said act with respect to depreciation account, or the creation of a depreciation reserve or depreciation fund and the use of moneys represented by such reserve or fund.

The stipulation duly authorized and executed was filed on November 10, 1923.

The proposed mortgage or deed of trust will be executed to the Harris Trust and Savings Bank and the Pacific Southwest Trust and Savings Bank, trustees.

The authority herein granted to execute a mortgage or deed of trust, does not carry with it permission to issue bonds under such mortgage or deed of trust.

The Commission has considered applicant's request for permission to execute a mortgage or deed of trust substantially in the same form as that filed with the Commission on October 30, 1923, and has also considered the stipulation filed by applicant and believes that applicant should be authorized to execute a mortgage or deed of trust subject to the stipulation filed in this proceeding and the condition following; therefore,

It is hereby ordered, that Southern California Edison Company be and it is hereby authorized to execute a mortgage or deed of trust substantially in the same form as the mortgage or deed of trust filed on October 30, 1923, in the above entitled matter, provided that the authority herein granted to execute a mortgage or deed of trust is for the purpose of this proceeding only and is granted in so far as this Commission has jurisdiction under the terms of the Public Utilities Act to authorize applicant to execute a mortgage or deed of trust and is not intended as an approval of said mortgage or deed of trust as to such other legal requirements to which said mortgage or deed of trust may be subject.

Dated at San Francisco, California, this thirteenth day of November, 1923.

DECISION No. 12823.

HODGE TRANSPORTATION SYSTEM ET AL.

vs.

ASHTON TRUCK COMPANY ET AL.

Case No. 1871.

Decided November 14, 1923.

TRANSPORTATION—AUTO TRUCKS—UNAUTHORIZED SERVICE—COMMISSION'S JURISDICTION.—Auto truck freight service between the city of Los Angeles proper and Wilmington and San Pedro (Los Angeles harbor) is under the jurisdiction of the Commission, as it is necessarily carried on over a route not entirely within the corporate limits of Los Angeles, and involves transportation on public highways of the state. The contention of defendant carriers that this traffic came under the definition of interstate commerce, because freight handled in the traffic concerned originated at, or was destined for, points outside the state, are set aside by the Commission. It is held that the truck movement involved in these proceedings is a transportation service entirely distinct from that of the water carriers handling the freight shipments in interstate commerce. Carriers are ordered to discontinue their unauthorized service, and, according to their classification by the Commission, to file rates and schedules, or to make a showing before the Commission that public convenience and necessity requires the service now rendered, and to conform otherwise to regulation by the Commission.

Randall, Bartlett and White, by *Alfred L. Bartlett*; *Devlin and Brookman*, by *Douglas Brookman*, for the Complainants.

Benjamin W. Shipman, for Defendant Ashton Truck Company.

H. T. Morrow, for Defendant Belyea Truck Company.

Howard Robertson, *Chas. L. Chandler* and *Herbert W. Kidd*, for Defendants California Truck Company, Citizens Truck Company, Pioneer Truck Company, Star Truck and Transfer Company and Paul Kent Truck Company.

Harry M. Bruce, for Defendant Scandia Truck and Transfer Company.

Glensor, Cleve and Van Dine, by *H. W. Glensor*, *B. H. Carmichael* and *F. W. Turcotte*, for Defendant Carmichael-Skidmore Corporation, Grey M. Skidmore, Inc., and Grey M. Skidmore.

Maurice C. Sparling, for Defendant Pacific Transportation Company.

Joseph Musgrove and *F. O. McGirr*, for Smith Brothers Motor Truck Company.

G. W. Cornell, for Southern Pacific Company and Pacific Electric Railway Company, Interveners.

T. J. Wade, in *propria persona*.

SHORE, Commissioner.

OPINION.

The above entitled complaint brought by Hodge Transportation System, a corporation, and the Los Angeles and San Pedro Transportation System, a corporation, alleges in effect that defendants have been and now are engaged in the business of owning, controlling, operating or managing auto trucks used in the business of transporting property or as common carriers for compensation over the public highways and over regular routes between the original grant and annexation of the city of Los Angeles on the one hand, and the harbor districts of said city at Wilmington and San Pedro, California, on the other; which operation it is alleged is not exclusively within the limits of an incorporated city or town or of a city and county; further, that said defendants have never obtained from the Railroad Commission or otherwise acquired and do not now own, hold or possess a certificate of public convenience and necessity or right to operate a transportation company between the above mentioned termini, and that accordingly such operation is in violation of the provisions of chapter 213, Statutes of 1917, and amendments thereto. Complainants pray that the Railroad Commission, after hearing and investigation, issue its order compelling said defendants and each of them to cease from the aforementioned alleged violations of the above numbered statutory enactments or for such further order or orders as the Commission may deem proper in the premises.

Public hearings in the above entitled matter were held at Los Angeles on June 8, 9, 11, 12 and 13, 1923, at which time the matter was submitted on briefs. A further hearing was held on October 16, 1923, and the matter is now ready for decision.

Defendants included in the above entitled action are: A. P. Ashton, doing business under the name and style of Ashton Transfer Company or Ashton Truck Company, hereinafter referred to as the Ashton Company; B. W. Belyea, doing business under the name and style of

Belyea Truck Company or B. W. Belyea Transfer Company, herein-after referred to as the Belyea Company; California Truck Company, a corporation, hereinafter sometimes referred to as the California Company; Carmichael-Skidmore Corporation, a corporation, herein-after referred to as the Carmichael Company; Citizens Truck Company, a corporation, hereinafter referred to as the Citizens Company; O. C. Butler and Harold A. Grundy, doing business under the name and style of Pacific Transportation Company, hereinafter referred to as the Pacific Company, Pioneer Truck and Transfer Company of Los Angeles, a corporation, hereinafter referred to as the Pioneer Company; Scandia Truck and Transfer Company, Inc., of Los Angeles, a corporation, hereinafter referred to as the Scandia Company; Stoughton F. Smith and L. L. Smith, copartners doing business under the name of Smith Bros. Motor Truck Company, hereinafter referred to as the Smith Bros. Company; Edgar S. Stanley doing business under the name and style of Star Truck and Transfer Company, hereinafter referred to as the Star Company; T. J. Wade doing business under the name of Wade Shipping Company, hereinafter referred to as the Wade Company; Paul Kent Truck Company, Inc., a corporation included herein as first John Doe; Grey M. Skidmore, an individual, included by stipulation as second John Doe; and Grey M. Skidmore, doing business under the fictitious name and style of Grey M. Skidmore, Inc., included by stipulation as third John Doe.

In addition to the investigation of the actual operations of the various defendants hereinabove named, several questions of jurisdiction were raised in connection with the instant proceeding, namely, whether or not the operations of defendants were subject to regulation by the Railroad Commission under the provisions of chapter 213, Statutes of 1917, and amendments thereto, particularly subsection (c) of section 1 thereof, which provides in part as follows:

* * * and not operating exclusively within the limits of an incorporated city or town or of a city and county.

Due to the fact that both termini served by these defendants in connection with the operations here under investigation are located within the corporate limits of the city of Los Angeles, and although actual running of trucks between such termini is not exclusively within the limits of said municipality but is for a considerable distance outside of said limits, the operations here in question are claimed by certain of the defendants to be exempt from regulation by the Railroad Commission. Further, a great majority of tonnage transported by defendants is tonnage originating at points outside the State of California or originating in California and destined to points outside the State of California, moving either from or to the harbor of Los Angeles by water carriers. It was the contention of certain defendants that inas-

much as such shipments moved partially by truck and partially by water from the point of origin to the ultimate point of destination, they were interstate shipments and not subject to regulation by the State of California.

I will first dispose of the question of jurisdiction before discussing the individual history and operation of these defendants.

Subsection (c) of section 1 of chapter 213, Statutes of 1917, as amended, reads as follows:

The term "transportation company" when used in this act, means every corporation or person, their lessees, trustees, receivers or trustees appointed by any court whatsoever, owning, controlling, operating or managing, any automobile, jitney bus, auto truck, stage or auto stage used in the business of transportation of persons or property, or as a common carrier, for compensation, over any public highway in this state between fixed termini or over a regular route, *and not operating exclusively within the limits of an incorporated city or town or of a city and county*; provided, that the term "transportation company" as used in this act, shall not include corporations or persons, their lessees, trustees, receivers or trustees appointed by any court whatsoever, in so far as they own, control, operate or manage taxicabs, hotel busses or sightseeing busses, or any other carrier which does not come within the term "transportation company" as herein defined.

When operating in the transportation of property for compensation between the business district of the city of Los Angeles and docks, wharves, and warehouses located at Los Angeles harbor (Wilmington and San Pedro), operation is conducted over the streets in the city of Los Angeles to Manchester avenue and Main streets, where trucks leave the city limits traversing over what is known as the Harbor boulevard, a public highway, until they again enter the incorporated limits of the city of Los Angeles in the district known as Wilmington, proceeding thereafter over city streets to docks, wharves or warehouses located at said harbor, that portion of the Harbor boulevard lying between the said Manchester avenue and the former northerly limits of the city of Wilmington being outside of the corporate limits of the city of Los Angeles. Operation is also conducted at times over what is known as the Compton avenue road, which is an extension of Compton avenue, a public street in the city of Los Angeles, in a southerly direction from its intersection with Slauson avenue where said Slauson avenue forms a part of the southerly boundary of the city of Los Angeles, thence to the Riverside-Redondo road which runs in an easterly and westerly direction to Harbor boulevard, thence to the northerly limits of the district formerly the city of Wilmington, said Compton avenue road being outside of the corporate limits of the city of Los Angeles. Operation is at times also conducted over Vermont avenue which also necessitates operation partially within and partially without the corporate limits of the city.

No evidence was introduced to contradict the contention of all defendants that at no time in connection with their operation had they accepted or discharged freight for compensation at any intermediate

points upon the highways traversed between Los Angeles business district and the harbor points, and it was admitted that defendants' operation was confined solely to transportation of property between two points, both of which were located within corporate limits of the city. Accordingly, they contend that such operation falls within the exemption provided in subsection (c) of the Auto Stage and Truck Transportation Act, quoted above.

To arrive at such a result, defendants argue that the word "operating" in the italicized portion of the above quotation applies solely to the termini of operations. Complainants, on the other hand, take the position that this word covers the entire actual physical "operation" of defendants' transportation equipment, and that where as here, a portion of the run is outside the corporate limits of the municipality in which the termini are situated, the operation is necessarily not "exclusively" within said limits. The complainants' reasoning on this point appears to be correct. The word "operating" signifies in this instance "conducting the business of a transportation company" and thus considered it could not be correctly argued that these defendants "operate" "exclusively" within the limits of a single municipality.

Defendants also contend that the transportation of property between Los Angeles proper and the harbor is interstate transportation and not subject to the regulation of this Commission, citing the provisions of section 9 of chapter 213, Statutes of 1917, as amended, which reads as follows:

Neither this act nor any provisions thereof shall apply or be construed to apply to commerce with foreign nations or commerce among the several states of this union, except in so far as the same may be permitted under the provisions of the constitution of the United States and the acts of congress.

The evidence in this matter shows that in most instances the shipments carried by these defendants are separate and distinct intrastate shipments, and that the interstate movement ends or commences at the docks. Over such operation this Commission has undoubted jurisdiction. But even over the operation of these defendants in carrying shipments clearly interstate in character, this Commission has jurisdiction. In the recent case of *Interstate Motor Transit Co. vs. Kuykendall*, 284 Fed. 882 (1922), Neterer, district judge, said:

It has been repeatedly held by the Supreme Court of the state, and also held by this court, that the state has full power to regulate or prohibit the use of public highways as a place of business by common carriers for hire. *Hadfield vs. Lundin*, 98 Wash. 657, 168 Pac. 516, L. R. A. 1918B, 909, Am. Cas. 1918C, 942; *State vs. Spokane*, 109 Wash. 360, 186 Pac. 864; *Schoenfeld vs. Seattle* (D. C.), 265 Fed. 726, and such is the holding of the Supreme Court in *Fifth Ave. Coach Co. vs. N. Y.* 221 U. S. 467, 31, Sup. Ct. 709, 55 L. Ed. 815. * * * Our inquiry, therefore, is limited to the question whether it interferes with or imposes an unreasonable burden on interstate commerce.

On the ground that the primary purpose of the act there in question was not to regulate interstate commerce, that congress has not acted to take control of the highways within its boundaries from the state, and that the merely incidental affecting of interstate commerce would not invalidate the statute, the court dismissed the bill. The court's reasoning applies with peculiar force to the case now before us. The act here in question has for its primary purpose the regulation of carriage for compensation over the publicly built and owned highways of this state. If it affects interstate commerce at all it does so only incidentally, and does not in any way operate as a discrimination against or as a hindrance to such commerce. Certainly, until congress has spoken regarding this operation, it lies within the power of the state to impose reasonable restrictions and regulations upon the carriage of property for compensation over its highways by persons operating between fixed termini or over regular routes.

It might be further pointed out that the dual contention of a number of defendants that the transportation conducted by these trucking companies is transportation solely within the limits of an incorporated municipality and is also interstate transportation would appear to be a contradictory contention in that the same movement could not be solely intracity and at the same time interstate.

Having in mind all the factors discussed above, it is the view of the Commission that it must assume jurisdiction over the operation of these defendants between Los Angeles proper and Los Angeles harbor (Wilmington and San Pedro) under the provisions of the constitution of the State of California and chapter 213, Statutes of 1917, and amendments thereto.

We will now review the individual history and operation of each of these defendants:

A. P. Ashton, doing business as the Ashton Transfer Company or Ashton Truck Company:

Evidence shows that the Ashton Company commenced a general drayage business in the city of Los Angeles during the year 1912, at which time horses and wagons were used in such service. About the year 1915 they commenced using motor trucks in such service and prior to May 1, 1917, operated between Los Angeles business district and harbor points in the transportation of property for compensation, making about ten trips per month at that time, business having increased to approximately one trip per day at the present time. They have some 15 trucks in service. When this business was originally started it consisted of a copartnership including A. P. Ashton, the present defendant, and one Young. This copartnership, however, dissolved about 1916

and since such time the business has been conducted by A. P. Ashton as an individual. Mr. Ashton testified that in 1917 his rates for the transportation of property from the harbor were "a great deal cheaper" than those charged at the present time, which are approximately \$3 per ton in lots of five tons or over; that while he has no established schedule governing operation to or from the harbor, shipments will be accepted and transported at established rates for any responsible party offering. Further, that at no time has any business been accepted or transported to points intermediate between Los Angeles business district and the harbor district.

It would appear in view of the past history of this defendant that he was actually operating in good faith at the time chapter 213, Statutes of 1917, became effective. He has, however, increased or changed rates charged for the service performed and his services at this time are not identical to the services rendered as of May 1, 1917, nor has he at any time filed or attempted to file with this Commission a schedule of rates covering such service.

B. W. Belyea, doing business as Belyea Truck Company and B. W. Belyea Transfer Company.

Evidence shows that the Belyea Company has space allotted on certain docks where goods to be transported by it are spotted; further, that he makes regular calls and operates regularly between the Los Angeles business district and docks and wharves located at Wilmington and San Pedro. His business is general trucking in the city of Los Angeles and to and from the harbor, transportation between the harbor and Los Angeles at the present time amounting to some 3242 tons for a six months period or approximately 16 tons per day, he having made some 334 trips in the past six months. His trucking operation commenced in 1914 and between the harbor and Los Angeles about 1916. Two trucks were in operation at that time; trucks in operation at the present time numbering 22. The testimony shows that this defendant, in 1917, hauled anything offered with no restrictions. His original rates are not known at this time, present rates being \$3 per ton from five to seven tons, over seven tons from \$2.50 to \$2.70 per ton, small loads 21 cents per 100 pounds. During 1917 he operated some seven or eight times per month to the harbor and has at this time approximately eleven trucks and trailers in the harbor business. During the war this defendant entered the service and left his business in charge of his father, but immediately resumed operation upon his return.

I am of the opinion that B. W. Belyea falls within the provisions of section 5, chapter 213, Statutes of 1917, and amendments thereto, although he has never at any time complied with the rules and regu-

lations established by this Commission requiring the filing of rates and, further, that existing rates are not the same as those charged as of the effective date of chapter 213, Statutes of 1917, changes having been made therein without authorization of the Railroad Commission.

California Truck Company, a corporation.

California Company is a corporation established in 1883 and incorporated in 1884. Its business is general trucking within the city of Los Angeles and transportation of property for compensation between Los Angeles and the harbor district, the nature and extent of such operation being covered by stipulation entered into between interested parties (page 13, Tr.). This company has a published schedule of rates covering its operation and was operating to and from the harbor prior to May 1, 1917, at which time some three or four trips per week were made. At the present time it has from forty-five to fifty horse drawn vehicles, twenty-one trucks and eleven trailers, of which ten trucks and ten trailers are operating regularly to or from the harbor hauling approximately 100 tons per day. Monthly operation to or from the harbor is handled on an average by some eight trucks and eight trailers. This company also hauls for any responsible party offering business at their established schedule of rates. Evidence shows that this company has some 397 standing orders from various commercial houses in the city of Los Angeles authorizing it to transport goods received at the Los Angeles harbor to their warehouses or stores located in the city proper; that prior to July 22, 1919, the effective date of chapter 280, Statutes of 1919, amending chapter 213, Statutes of 1917, this defendant engaged an agent to file a tariff of rates with the Railroad Commission covering its harbor operations. The tariff of rates was proffered to the Commission by the said agent, together with a power of attorney from the California Truck Company authorizing him to act as their agent in such matter. The evidence further shows that said tariff of rates was rejected by the Commission and that the agent was so notified and his attention was further called to such matter on a number of occasions subsequent thereto, but at no time did he attempt to file an acceptable schedule on behalf of this defendant, nor did he inform the defendant in writing that the proffered schedules of rates had been rejected.

It appears, therefore, from the testimony in this proceeding that the California Company has recognized its obligation as a common carrier of property for compensation between fixed termini and that it took steps to comply with the law and rules and regulations of the Commission; further that this company does fall within the provisions of section 5 of chapter 213, Statutes of 1917, and amendments thereto, although the evidence clearly shows that on several occasions subsequent

to the effective dates of the above numbered statutory enactments, said California Truck Company did increase and change its schedule of rates covering transportation service between the business district and harbor district of the city of Los Angeles without first securing authorization of the Railroad Commission as provided by law and rules and regulations of the Commission.

Citizens Truck Company, a corporation.

The Citizens Company is engaged in general trucking business in the city of Los Angeles, also in the transportation of property for compensation between the business district and the harbor district in the above named municipality. Its operation was commenced in 1890, operation to and from the harbor prior to May 1, 1917. This company's history and methods of operation are identical with that of the California Truck Company, a corporation, and it is included in a stipulation between the complainants herein and certain defendants, including the California Company above mentioned, and the Citizens Company, Pioneer Company, Kent Company, and Star Company, to the effect that operations had begun prior to May 1, 1917, and were of the character described in the earlier portion of this opinion (Tr. p. 13). This company falls within the same classification as the California Truck Company.

Paul Kent Truck Company, Inc., a corporation.

The Paul Kent Company, a corporation, engaged in the general trucking business in the city of Los Angeles, also is engaged in the business of transporting property for compensation between the fixed termini and over a regular route from the business district of the city of Los Angeles and steamship wharves located at Los Angeles harbor (Wilmington and San Pedro). This company commenced its general drayage business in the year 1902 and was engaged in harbor transportation work prior to May 1, 1917, and subsequent thereto. Its operations are identical with those more fully set forth under California Truck Company and it is also included in the stipulation above mentioned.

Pioneer Truck and Transfer Company of Los Angeles, a corporation.

Pioneer Company has been engaged in the general drayage business in the city of Los Angeles since the year 1890 and has been operating in the transportation of property for compensation between the fixed termini of Los Angeles business district and the harbor district at Wilmington and San Pedro since prior to May 1, 1917, and continuously since that time. The operation of this company is identical with the operation of the California Truck Company as hereinabove set out

in detail and this company is also included as one of the defendants party to the above mentioned stipulation entered into with complainants (Tr. p. 13).

Edgar S. Stanley, doing business under the name and style of Star Truck and Transfer Company.

The Star Company is engaged in general drayage and transfer business in the city of Los Angeles, also in the business of transporting property for compensation between docks and wharves located at Los Angeles harbor (Wilmington and San Pedro) and the business district in the city of Los Angeles. This company commenced its general drayage business in the year 1911 and was engaged in transportation to and from the harbor on May 1, 1917, prior thereto and subsequent thereto. This company is also included in the stipulation entered into between certain of the defendants and complainants as shown on page 13 of the transcript, and its operations are identical with those as set forth for the California Truck Company, given more in detail in the stipulation hereinabove referred to.

S. F. Smith and L. L. Smith, copartners doing business under the fictitious name and style of Smith Bros. Motor Truck Company.

Smith Bros. Company is engaged in general drayage business in the city of Los Angeles and also operates trucks and trailers for the transportation of property for compensation between the business district of the city of Los Angeles and steamship wharves located at Wilmington and San Pedro and has a published schedule of rates covering such service. This company commenced operation on or about October, 1912, and commenced hauling to and from the harbor in the early part of 1917, making at that time approximately one trip per week. It had in operation at that time eight trucks and five trailers. At the present time this company operates some twenty-six trucks, seventeen trailers, two portable cranes and one tractor. It hauls property in both directions, approximately 30 per cent of the total hauling being from the business district to the harbor and 70 per cent from the harbor to the business district of Los Angeles.

This company, realizing that its operations came within the provisions of the statutory enactment regulating the operation of automobile stages and trucks engaged in the transportation of property for compensation over a regular route or between fixed termini, employed an agent, giving him power of attorney for the purpose of acting as their agent in the filing of proper tariffs with the Railroad Commission in compliance with the provisions of section 5 of chapter 213, Statutes of 1917, as amended. Testimony of S. F. Smith, one of the copartners,

was to the effect that he had paid the said agent to file these tariffs, was informed by said agent that such tariffs were filed, and until it was developed by the testimony in this proceeding that the tariffs proffered by the agent had been rejected he was of the opinion that they were filed, and that the agent was notified subsequently on a number of occasions to prepare and file on behalf of the companies from whom he held powers of attorney an acceptable tariff in compliance with rules and regulations established by the Railroad Commission under the provisions of the statutory enactments governing regulation of transportation companies, but no such tariff was ever filed by the agent of this company.

The evidence shows that this company has been operating a truck service for the transportation of property for compensation on an established schedule of rates between the fixed termini and over a regular route between the business district of the city of Los Angeles and the steamship wharves located at Wilmington and San Pedro, although it further shows that Smith Bros. Company has never filed its tariff of rates, and further that such tariff of rates has, since the commencement of operation and subsequent to the enactment of regulatory legislation, been increased or changed for this particular service, such action being in violation of the provisions of law and of the rules and regulations of the Commission.

O. C. Butler and Harold A. Grundy, copartners doing business under the name and style of Pacific Transportation Company.

The Pacific Company, a copartnership consisting of Butler and Grundy, is engaged in general trucking in the city of Los Angeles, also in the transportation of property for compensation in both directions between the business district of Los Angeles and wharves and docks located at San Pedro and Wilmington. The evidence shows that about the year 1915 a copartnership consisting of Butler and one Weber, operating under the name of Merchants Truck and Transfer Company, commenced local trucking operation, that subsequent thereto the copartnership of Butler and Weber was dissolved and in November, 1919, the present copartnership, consisting of Butler and Grundy, was formed, and they commenced business under the name of Pacific Transportation Company. They have some thirty-four standing orders from business houses located in Los Angeles authorizing them to pick up and transport all consignments received at the wharves for the business houses in Los Angeles. This copartnership at the present time averages some twenty truck trips per week between the harbor and Los Angeles proper, and contends in its answer and brief filed with the Commission that should the Commission conclude that its operation comes within the Auto Stage and Truck Transportation Act, it has

the right to continue under the provisions of section 5 of chapter 213, Statutes of 1917, and amendments thereto. On the contrary, the evidence clearly shows that the present copartnership did not engage in the operation of trucks for the transportation of property for compensation between Los Angeles harbor and the business district of Los Angeles either prior to May 1, 1917, the date set forth in chapter 213, Statutes of 1917, or July 22, 1919, the date upon which chapter 213, Statutes of 1917, was amended by chapter 280, Statutes of 1919. Section 5 of the above numbered statutory enactment reads in part as follows:

* * * but no such certificate shall be required of any transportation company as to the fixed termini between which or over the route over which it is actually operating in good faith at the time this act becomes effective.

Clearly the copartnership of Butler and Grundy, formed in November, 1919, could not possibly have been in operation between fixed termini or over a regular route as of either May 1, 1917, or July 22, 1919, and the contention that one of the copartners, as an individual, or as a member of a copartnership which included other than the existing copartners, was, at the time, or prior thereto, operating trucks between fixed termini or over a regular route, would not in itself carry to the present copartnership a right or franchise which an individual or a copartnership may have possessed when such individual or copartnership operation was discontinued by the individual or copartnership as such, and the new copartnership was formed and commenced its operation.

Further, section 5 provides:

* * * any right, privilege, franchise or permit held, owned or obtained by any transportation company may be sold, assigned, leased, transferred or inherited as other property, only upon authorization by the railroad commission.

Transportation companies are defined in subsection (c) of section 1, as

every corporation or person, their lessees, trustees, receivers or trustees, appointed by any court whatsoever.

Butler as an individual or as a member of a copartnership subsequently dissolved would, under the provisions of section 5, have had to secure authorization of the Railroad Commission to transfer the right, privilege, franchise or permit, either held by him as an individual or by the copartnership of which he was then a member, to the new copartnership consisting of himself and Grundy. No such authorization was ever applied for or secured, nor had the predecessor of the present copartnership filed tariffs and schedules as required by general orders of the Railroad Commission. Accordingly, the copartnership of Butler and Grundy has no right at the present time to engage in the

business of transporting property for compensation between the fixed termini or over the regular route followed between the harbor district of Los Angeles and the business district, and such operation carried on as shown by the evidence in this proceeding is in violation of the provisions of chapter 213, Statutes of 1917, and amendments thereto.

Scandia Truck and Transfer Company, Inc., of Los Angeles, a corporation.

This concern, in addition to local drayage business in the city of Los Angeles, operates in the business of transporting property for compensation between the business district of Los Angeles and the harbor district, and has some seven trucks and two trailers at present and operates on its harbor runs two trucks and two trailers, on an average. This company has a published schedule of freight rates applying on merchandise handled between Los Angeles, Wilmington and San Pedro when received from or delivered to steamship wharves located at such points. The company also has some twenty standing orders from business houses for the transportation of their property received at or destined to steamship wharves located at Wilmington or San Pedro. The evidence clearly shows that this company is holding itself out as engaging in the business of transporting property for compensation between Los Angeles, Wilmington and San Pedro. It commenced business on or about November 12, 1919, and commenced operation to and from the harbor approximately one month later, and has made no attempt at any time to secure a certificate of public convenience and necessity from the Railroad Commission as provided for under the provisions of section 5 of chapter 213, Statutes of 1917, and amendments thereto, and its operation at this time is unquestionably in violation of the provisions of the above numbered statutory enactments.

Carmichael-Skidmore Corporation.

This corporation is what is generally known as freight forwarders or general traffic agents. The evidence in this proceeding does not show that the corporation itself owns any trucks whatsoever. The evidence does show, however, that prior to May 1, 1917, and for a period of several years, this corporation maintained in connection with its traffic and freight forwarding business what is known as the Motor Truck Department, that at such times as it had knowledge of freight movements it would advise consignees or consignors, whichever had charge of the local movement of such freight, as to the advisability of moving the same whether from the harbor to the business district of Los Angeles, or otherwise, by motor truck; that this company would then quote a rate per 100 pounds or per ton for the movement of such commodity by

motor truck and if this rate was acceptable it would contract to move the commodity in question and would then secure independent truck operators (generally unauthorized operators) in the city of Los Angeles and offer them the business of moving such commodity under the contracts with the corporation for a specified rate, usually lower than that for which the corporation contracted to have such commodity moved, the corporation taking as its compensation for such service the difference between the rate which it charged the shipper and the rate which it paid to truckmen for the actual work, this basis of compensation varying according to what the particular traffic would bear. This transportation service was performed by the Carmichael-Skidmore Corporation under written form of contract with the truck operator, which form of contract specified the point from which the shipment would be picked up for consignee and destination, quantity, description and weight of the shipment, together with the fixed amount per hundred or per ton to be paid by the corporation after delivery of the merchandise described in the contract and surrender to the corporation duly signed delivery receipts.

The operations of the Carmichael-Skidmore Corporation thus appear to have been in essence similar to those of the Wade Shipping Company, hereafter outlined. The sole difference appears to be that the Carmichael-Skidmore Corporation did not lease equipment for its operation on a trip or term basis, but rather entered into special contracts with truck owners to transport the various shipments which it had contracted to move. The method adopted by a carrier in hiring or obtaining its automotive equipment can make no difference in the nature of such operation and it is clear that the operations of this corporation have been in violation of chapter 213, Statutes of 1917, as amended. The evidence shows, however, that on or about May 1, 1923, or at some time subsequent to the filing of the complaint herein, this corporation eliminated its so-called motor truck department and ceased such operations.

Grey M. Skidmore, and Grey M. Skidmore, Inc.

Subsequent to the cessation of the above mentioned operations of the Carmichael-Skidmore Corporation, one Grey M. Skidmore, a stockholder and officer of said Carmichael-Skidmore Corporation, took over the said business and operations, and has thereafter operated the same under the fictitious name and style of "Grey M. Skidmore" and also "Grey M. Skidmore, Inc." It is evident that no person or corporation handling shipments of goods over the highways of this state between fixed termini or over regular routes can escape the jurisdiction of the regularly constituted regulatory authorities merely because he does not

"own" the equipment which carries such shipments. To hold otherwise would be the merest subterfuge and it is my opinion that such operation is in violation of the provisions of chapter 213, Statutes of 1917, as amended.

T. J. Wade, doing business under the name and style of Wade Shipping Company.

The complaint alleges in effect that this company has been operating trucks in the transportation of property for compensation between the fixed termini and over a regular route between Los Angeles business district and the steamship wharves and docks located at Los Angeles harbor, Wilmington and San Pedro. Formal service of a copy of said complaint was forwarded to Wade Shipping Company by registered mail on March 5, 1923, together with an order directing him to satisfy or answer said complaint within a period of not to exceed ten days from date of service thereof. Up to the time of the original hearings upon said complaint no answer had been filed by said defendant nor did he appear in person or by counsel to submit testimony with reference to the nature of his operation or to enter a denial of the allegations set forth in said complaint.

On October 10, 1923, the Railroad Commission issued an order setting aside the submission in this matter and directing that it be reopened for further hearing. On October 11, 1923, a subpoena was issued directed against T. J. Wade, doing business under the fictitious name of Wade Shipping Company, in which he was directed to appear before the Railroad Commission at 10 a.m. on October 16, 1923, then and there to testify with reference to the allegations contained in the above entitled complaint. At the hearing on October 16, 1923, Mr. Wade appeared and submitted testimony to the effect that he was operating as a transportation agent, directing and routing shipments via either truck, rail and water carriers. Further, that he was engaged in the transportation of property for compensation between the fixed termini and over a regular route between Los Angeles proper and the steamboat wharves and docks located at Wilmington and San Pedro; further, that such shipments were being handled by trucks which he leased from individual owners under regular forms of lease contracts which provided for definite payments per ton or per hundred weight, with a guarantee of a certain minimum revenue per month; that such trucks were operated under the name of Wade Shipping Company and were under contract to give preference to the business of T. J. Wade; that claims originated against shipments handled by said leased trucks were considered as claims against T. J. Wade and were paid by him.

The testimony showed that the operations of such trucks were conducted directly under the supervision, regulation and management of defendant, T. J. Wade. Testimony further showed that Mr. Wade inaugurated this class of transportation service some time during the period approximately October 15 to November 1, 1922, and has been so engaged since that date up to the filing of the complaint in this proceeding and continuously since. The evidence further shows that Wade has never applied for nor secured from the Railroad Commission a certificate of public convenience and necessity authorizing him to engage in such business, as provided for in section 5, chapter 213, Statutes of 1917, and amendments thereto, nor has he at any time attempted to comply or complied with the provisions of general orders, rules and regulations issued by the Railroad Commission under the provisions of the above numbered statutory enactments. In view of the foregoing we must conclude that defendant, T. J. Wade, doing business under the name and style of Wade Shipping Company, is engaged in the business of operating and managing automotive trucks transporting property for compensation over regular routes between the fixed termini of Los Angeles proper (original grant and annexations) and the steamship wharves and docks located at Los Angeles harbor (Wilmington and San Pedro), and that such operation has been and is in violation of chapter 213, Statutes of 1917, and amendments thereto, and general orders, rules and regulations issued by the Railroad Commission in compliance therewith.

Summary of Operations.

The operations of these several defendants would thus seem to fall into four distinct classes as follows:

1. Where operations were being carried on on May 1, 1917, but the operator has not filed tariffs of rates and schedules in accordance with general orders, rules and regulations established by the Railroad Commission. Under this head would fall the operation of the following defendants: Ashton Truck Company; B. W. Belyea Truck Company; California Truck Company; Citizens Truck Company; Paul Kent Truck Company, Inc.; Pioneer Truck and Transfer Company of Los Angeles; Star Truck and Transfer Company; Smith Bros. Motor Truck Company.

2. Where a partnership consisting of "A" and "B" was operating on May 1, 1917, and where this partnership had been dissolved subsequent to said date and a partnership consisting of "A" and "C" now operates the business, neither of which copartnerships has filed a tariff of rates or time schedules with the Commission in accordance with general orders, rules and regulations of the Railroad Commission. This class is illustrated by Pacific Transportation Company—Butler and Grundy.

3. Where operations were commenced subsequent to May 1, 1917, and later than July 22, 1919, by a concern regularly operating its own equipment. Under this head falls the Scandia Truck and Transfer Company, Inc.

4. Where operations were commenced subsequent to July 22, 1919, by concerns owning no trucks but hiring, leasing or engaging such equipment as they desire to use in handling business as it develops. Under this head falls the Carmichael-Skidmore Corporation, Grey M. Skidmore, Grey M. Skidmore, Inc., and the Wade Shipping Company.

Defendants in this proceeding were permitted to introduce evidence of a general nature showing the increase in tonnage moving into and out of the harbor of Los Angeles, also evidence that tonnage had increased to a point where it was alleged it necessitated the use of all available equipment of the different classes of transportation companies, such as railroads and truck lines, to keep the tonnage in movement to prevent, as far as possible, congestion of the wharves and docks at Los Angeles harbor; and that, due to the efficiency of truck operation, a considerable portion of tonnage destined to and from the business district of Los Angeles moved by motor truck in preference to rail and that it was recognized not only by steamship officers, dock superintendents and foremen, but also by consignees, and shippers of freight, that the operation of trucks was an essential factor in maintaining traffic over the territory in question. Some of this evidence was deduced on cross-examination of witnesses called by the complainant herein.

After a careful review of the evidence introduced in this proceeding, together with the exhibits, answers and briefs filed by the interested parties, we are of the opinion and hereby find as a fact that each of the defendants named in this complaint are transportation companies engaged in the business of transporting property for compensation between the fixed termini of the city of Los Angeles (original grant) and the steamship wharves and docks located at Los Angeles harbor (Wilmington and San Pedro), and over regular routes as that term is defined in subsection (c) of section 1 of chapter 213, Statutes of 1917, as amended, and that such operation is not operation exclusively within the limits of an incorporated city or town or of a city and county.

It is hereby further found as a fact that the Ashton Truck Company, Belyea Truck Company, B. W. Belyea Transfer Company, California Truck Company, Citizens Truck Company, Pioneer Truck and Transfer Company of Los Angeles, Smith Bros. Motor Truck Company, Star Truck and Transfer Company and Paul Kent Truck Company, Inc., have been and each of them were engaged in the business of transporting property for compensation between the fixed termini of the city of Los Angeles (original grant) and the steamship wharves and docks

located at Los Angeles harbor (Wilmington and San Pedro) prior to May 1, 1917, and subsequent thereto, but that although a number of said companies hereinabove named did take certain steps in an attempt to comply with the rules and regulations of the Railroad Commission, neither of said defendants, nor any of them, have in fact filed tariffs of rates or schedules of operations with this Commission, pursuant to the provisions of law and the rules and regulations of this Commission.

It is hereby further found as a fact that the Pacific Company, The Scandia Company, Grey M. Skidmore, Grey M. Skidmore, Inc., Carmichael-Skidmore Corporation, and the Wade Shipping Company were not operating between the fixed termini of Los Angeles (original grant) and the steamship wharves and docks located at Los Angeles harbor (Wilmington and San Pedro), either prior to May 1, 1917, or prior to July 22, 1919, and that their several operations have been and are at this time in violation of the provisions of chapter 213, Statutes of 1917, and amendments thereto.

In view, however, of the evidence introduced in this proceeding as to the public necessity existing for the operation of sufficient truck units properly to take care of traffic needs to and from the harbor of Los Angeles, we are of the opinion that the order now to be made should provide a reasonable time to enable each or any of the above defendants, who have been found to have been operating prior to May 1, 1917, to file with this Commission their applications petitioning for an order authorizing them to file schedules of rates in accordance with the schedules of rates under which they are now operating, provided it can be shown, through competent testimony, that the changes or increases in rates effected by such companies subsequent to May 1, 1917, without authorization, are justified; and to enable such defendants as have been found to be operating their own equipment under fixed schedules of rates, but who were not operating prior to May 1, 1917, to file applications for certificates of public convenience and necessity, to enable them to show whether or not public convenience and necessity require the establishment of additional service as proposed. The order will so provide. I submit herewith the following form of order:

ORDER.

Public hearings having been held in the above entitled proceeding, evidence having been submitted, briefs having been filed, the Commission being fully advised in the premises, and the matter being now ready for decision, and basing its order upon the statements and findings of fact as contained in the opinion of the Commission preceding this order;

It is hereby ordered, that each and every defendant hereinabove found to have been operating as a transportation company on May 1,

1917, and subsequent thereto, be and each of them is hereby directed to file with the Railroad Commission within a period of not to exceed ten (10) days from the date hereof, a tariff of rates identical with the tariff of rates and charges assessed and collected by said defendants, and each of them, as of May 1, 1917, which said tariff of rates and charges shall become effective sixty (60) days after the date of filing, unless prior to said effective date of said tariffs in each particular case such defendants shall have been respectively authorized by formal order of the Railroad Commission to change or increase said tariff of rates, or shall have secured by formal supplemental order an extension of the effective date thereof upon a showing that such defendant is proceeding with due diligence in the preparation and prosecution of an application to change, alter or amend said tariff of rates and charges; and

It is hereby further ordered, that each and every defendant herein found to have commenced the operation of a transportation company subsequent to May 1, 1917, be and each of them is hereby directed on and after sixty (60) days from the date hereof to cease and desist from any and all operations herein found to be in contravention to the provisions of chapter 213, Statutes of 1917, as amended, unless within said sixty days from the date hereof they shall have respectively petitioned for and been granted a certificate of public convenience and necessity from this Commission authorizing them to carry on such operations.

The effective date of the within order shall be the twenty-fourth day of November, 1923.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission.

Dated at San Francisco, California, this fourteenth day of November, 1923.

DECISION No. 12824.

IN THE MATTER OF THE APPLICATION OF PICKWICK STAGES, NORTHERN DIVISION, A CORPORATION, FOR AN ORDER PERMITTING IT TO ISSUE FIFTY THOUSAND DOLLARS OF EQUIPMENT TRUST CERTIFICATES.

Application No. 9442.

Decided November 14, 1923.

Warren E. Libby, for Applicant.

BY THE COMMISSION.

OPINION.

In this application the Railroad Commission is asked to make an order authorizing the Pickwick Stages, Northern Division, a corporation, to enter into an equipment trust agreement and lease agreement

defining the terms and conditions under which not exceeding \$50,000 of serial 7 per cent equipment trust certificates will be issued.

A public hearing on this application was held before Examiner Fankhauser in Los Angeles.

The business of Pickwick Stages, Northern Division, consists, for the most part, in transporting passengers and express by automobile stages between Los Angeles and San Francisco and San Francisco and Portland. It reports its gross revenues for the year ending December 31, 1921, as \$338,847.99, for the year ending December 31, 1922, as \$585,062.72, and for the nine months ending September 30, 1923, as \$552,627.36. After paying operating expenses, interest and other items, and providing for depreciation, it reported net profit for 1921 as \$7,160.41, for 1922 as \$58,193.06 and for the first nine months of 1923 as \$67,251.08.

Applicant reports its assets and liabilities as of September 30, 1923, as follows:

<i>Assets.</i>	
Plant and equipment-----	\$319,767 63
Securities of other companies-----	1,500 00
Current assets—	
Cash-----	\$1,861 27
Special deposits-----	8,400 00
Accounts receivable-----	13,974 79
Notes receivable-----	505 03
Total current assets-----	24,741 00
Materials and supplies-----	8,707 51
Prepayments-----	10,946 93
Other debit items-----	19,550 00
Total assets-----	\$385,213 16
<i>Liabilities.</i>	
Capital stock-----	\$70,000 00
Funded debt-----	18,000 00
Current liabilities—	
Accounts payable-----	\$59,446 27
Notes payable-----	35,000 00
Accrued liabilities-----	10,920 86
Total current liabilities-----	105,367 13
Reserve for accrued depreciation-----	61,245 97
Surplus-----	130,600 06
Total liabilities-----	\$385,213 16

At the close of 1922 applicant reported that it operated thirteen eighteen-passenger cars, ten fourteen-passenger cars, nine eleven-passenger cars and twelve eight-passenger cars, a total of forty-four cars. The testimony herein indicates that the company has been compelled to lease as high as twenty cars to meet demands for transportation and that it has been decided to purchase additional equipment.

The record shows that The Pickwick Corporation, which company owns substantially all of applicant's outstanding stock, has acquired, or is acquiring and constructing four White automobiles and seven Pierce Arrow automobiles at an aggregate cost of approximately \$103,000. This equipment will be transferred to Hellman Trust and Commercial Bank, as trustee, to secure the payment of not exceeding \$50,000 of equipment trust certificates. These certificates will bear interest at 7 per cent per annum, will be dated October 15, 1923, and will mature in equal annual instalments of \$10,000 on the fifteenth day of October of each of the years 1924 to 1928, inclusive. The equipment trust agreement provides that at no time shall the face amount of certificates outstanding exceed 50 per cent of the cost of the trust equipment.

Upon delivery of the equipment to the trustee it will be leased to applicant, who has agreed to pay to the trustee an amount as rental sufficient to pay the interest and the annual payments on account of the principal of the certificates. In addition applicant agrees to pay all taxes and insurance on the equipment and maintain it in good operating condition, and also to pay the difference between the cost of the equipment and the amount received from the sale of the certificates. Upon the payment in full of the principal of the certificates title to the equipment passes to applicant.

The equipment trust agreement and lease agreement, filed with the petition, appear to be in satisfactory form.

ORDER.

Pickwick Stages, Northern Division, a corporation, having applied to the Railroad Commission for an order authorizing the execution of an equipment trust agreement and lease agreement and the issue of certificates, a public hearing having been held and the Railroad Commission being of the opinion that the application should be granted as herein provided and that the money, property or labor to be procured or paid for through the issue of such certificates is reasonably required by applicant for the purpose specified herein;

It is hereby ordered, that the Pickwick Stages, Northern Division, a corporation, be and it is hereby authorized to execute and enter into an equipment trust agreement and lease agreement substantially in the same form as the equipment trust agreement and lease agreement filed in this proceeding and to assume or guarantee the payment of not exceeding \$50,000 of 7 per cent serial equipment trust certificates, the issue of which is hereby authorized.

The authority herein granted is subject to further conditions as follows:

1. The authority herein granted to execute an equipment trust agreement and lease agreement is granted only in so far as this Commission has jurisdiction under the terms of the Public Utilities Act and is not intended as an approval of such equipment trust agreement and lease agreement as to such other legal requirements to which said equipment trust agreement and lease agreement may be subject.

2. The equipment trust certificates which are herein authorized to be issued shall be sold at not less than 95 per cent of their face value, plus accrued interest, and the proceeds used to pay in part the cost of the additional equipment, to which reference is made in this application.

3. Pickwick Stages, Northern Division, shall keep such record of the issue and sale of the equipment trust certificates herein authorized and of the disposition of the proceeds as will enable it to file on or before the twenty-fifth day of each month a verified report as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

4. The authority herein granted to issue and sell equipment trust certificates will become effective when applicant has paid the fee prescribed by section 57 of the Public Utilities Act, which fee is \$50, and will expire on March 31, 1924.

Dated at San Francisco, California, this fourteenth day of November, 1923.

DECISION No. 12826.

IN THE MATTER OF THE APPLICATION OF LOS ANGELES RAILWAY CORPORATION, A CORPORATION, AND PACIFIC ELECTRIC RAILWAY COMPANY, A CORPORATION, FOR APPROVAL OF AN AGREEMENT DATED AUGUST FIFTEEN, ONE THOUSAND NINE HUNDRED TWENTY-THREE, CONTEMPLATING THE JOINT OPERATION OF MOTOR BUS SERVICE OVER CERTAIN ROUTES HEREIN DESCRIBED IN THE CITY OF LOS ANGELES, BY APPLICANTS AS SUPPLEMENTAL AND INCIDENTAL TO THE STREET RAILWAY OPERATION OF APPLICANTS IN THE CITY OF LOS ANGELES.

Application No. 9516.

Decided November 14, 1923.

BY THE COMMISSION.

OPINION.

Los Angeles Railway Corporation, a corporation, and Pacific Electric Railway Company, a corporation, have jointly petitioned the Railroad Commission for an order approving a certain agreement executed by applicants under date of August 15, 1923.

By the terms of said agreement, which has been filed as a portion of the application, the applicants propose to establish and hereafter maintain and operate certain automobile bus lines over routes entirely within the city of Los Angeles and supplementing the street car service now rendered by applicants in such city.

The agreement provides for the operation of the proposed motor bus service by each applicant furnishing one-half of the necessary equipment and dividing the receipts and expenses of maintenance and operation. Applicants have appointed their respective general managers as joint agents to conduct the business of auto bus transportation and to supervise, direct and control the organization necessary to operate the auxiliary motor bus service under the fictitious name of "Los Angeles Motor Bus Company."

We are of the opinion that this is a matter in which a public hearing is not necessary and conclude that, as there is nothing in the agreement against public policy, the application should be granted.

ORDER.

It is hereby ordered, that this application be and the same is hereby granted.

Dated at San Francisco, California, this fourteenth day of November, 1923.

DECISION No. 12828.

IN THE MATTER OF THE INVESTIGATION OF THE ELECTRIC RATES, SERVICE AND OPERATIONS OF COAST VALLEYS GAS AND ELECTRIC COMPANY, ON THE COMMISSION'S OWN MOTION.

Case No. 1852.

Decided November 16, 1923.

BY THE COMMISSION.

FIRST SUPPLEMENTAL ORDER.

The Railroad Commission having, on the twenty-seventh day of October, 1923, made its Decision No. 12761 in the above entitled matter, and good cause appearing therefor;

It is hereby ordered, that Schedule P-3 as set forth in Exhibit "A," in connection with the above entitled decision, be amended so that the portion thereof designated as "Rate" shall read as follows:

Rate. Size of installation—horsepower	Initial charge, 200 k.w.h. or less per h.p. per year	Rate per k.w.h. for energy used in excess of 200 k.w.h. per h.p. per year		
		Next 800 k.w.h.	Next 2000 k.w.h.	All over 3000
		per h.p. per year	per h.p. per year	per h.p. per year
2- 4	\$0 90	2.4 cents	1.4 cents	1.0 cent
5- 14	9 00	1.9 cents	1.2 cents	.9 cent
15- 49	8 40	1.7 cents	1.1 cents	.9 cent
50- 99	8 10	1.5 cents	1.0 cent	.8 cent
100-249	7 80	1.4 cents	.9 cent	.8 cent
250 and over	7 50	1.3 cents	.8 cent	.7 cent

*In no case will the total minimum charge be less than \$19.80.

No other change to be made in said order in Decision No. 12761.

It is hereby further ordered, that the effective date of said Decision No. 12761, as now amended, shall be the same as that of the decision in its original form, to wit, December 1, 1923.

Dated at San Francisco, California, this sixteenth day of November, 1923.

DECISION No. 12843.

CALIFORNIA PACKING CORPORATION, A CORPORATION,

vs.

SOUTHERN PACIFIC COMPANY, A CORPORATION; THE ATCHISON, TOPEKA AND SANTA FE RAILWAY, A CORPORATION, AND NORTHWESTERN PACIFIC RAILROAD COMPANY, A CORPORATION.

Case No. 1864.

HUNT BROTHERS PACKING COMPANY, A CORPORATION,

vs.

SOUTHERN PACIFIC COMPANY, A CORPORATION.

Case No. 1866.

ROSENBERG BROTHERS AND COMPANY, A CORPORATION,

vs.

SOUTHERN PACIFIC COMPANY, A CORPORATION, AND NORTHWESTERN PACIFIC RAILROAD COMPANY, A CORPORATION.

Case No. 1868.

LIBBY, McNEILL AND LIBBY, A CORPORATION,

vs.

SOUTHERN PACIFIC COMPANY, A CORPORATION.

Case No. 1869.

RICHMOND-CHASE COMPANY, A CORPORATION; THE SHAW FAMILY, INCORPORATED, A CORPORATION; BISCEGLIA BROTHERS, A COPARTNERSHIP; HERBERT PACKING COMPANY, INCORPORATED, A CORPORATION; CALIFORNIA COOPERATIVE CANNERIES, INCORPORATED, A CORPORATION; PRATT LOW PRESERVING COMPANY, A CORPORATION; J. C. AINSLEY PACKING COMPANY, A CORPORATION, AND HERSHEL CALIFORNIA FRUIT PRODUCTS COMPANY, A CORPORATION,

vs.

SOUTHERN PACIFIC COMPANY, A CORPORATION.

Case No. 1885.

MAX SCHUKL, DOING BUSINESS UNDER THE NAME AND STYLE OF SCHUKL AND COMPANY,

vs.

SOUTHERN PACIFIC COMPANY, A CORPORATION

Case No. 1888.

A. A. WILSON, AS TRUSTEE IN BANKRUPTCY OF JOHN W. MCCARTHY, JR., AND COMPANY, A CORPORATION,

vs.

SOUTHERN PACIFIC COMPANY.

Case No. 1892.

SUN-MAID RAISIN GROWERS, A CORPORATION,

vs.

SOUTHERN PACIFIC COMPANY, A CORPORATION, AND ATCHISON,
TOPEKA AND SANTA FE RAILWAY COMPANY, A CORPORATION.

Case No. 1896.

H. G. PRINCE AND COMPANY, A CORPORATION,

vs.

SOUTHERN PACIFIC COMPANY, A CORPORATION.

Case No. 1905.

WESTERN CANNING COMPANY, A CORPORATION,

vs.

SOUTHERN PACIFIC COMPANY, A CORPORATION, AND ATCHISON,
TOPEKA AND SANTA FE RAILWAY COMPANY, A CORPORATION.

Case No. 1906.

PACIFIC COAST CANNING COMPANY, A CORPORATION,

vs.

SOUTHERN PACIFIC COMPANY, A CORPORATION, AND WESTERN
PACIFIC RAILROAD COMPANY, A CORPORATION.

Case No. 1907.

GOLDEN STATE CANNERIES

vs.

SOUTHERN PACIFIC COMPANY.

Case No. 1949.

Decided November 21, 1923.

RATES—STEAM RAILROAD—REPARATIONS DURING "FEDERAL GUARANTY" PERIOD.—

The Commission having held in a prior decision that it has jurisdiction to award reparations to shippers on account of collection by carriers of unreasonable and excessive rates during the period of "federal guaranty" of the operation of railroads, March 1, 1920, to and including August 31, 1920, holds that complainants are entitled to reparations, due to the collection by the defendant carriers of a rate on returned empty containers in carloads, which was stipulated by the defendants to be unreasonable.

McCutchen, Olney, Mannon and Greene, by *Allan P. Mathew*, for Complainants in Cases Nos. 1864, 1866, 1868, 1869, 1885, 1888, 1892, 1896, 1905, 1906 and 1907.

Geo. J. Bradley, for Merchants and Manufacturers Association of Sacramento.

E. W. Hollingsworth, for Traffic Bureau of the Oakland Chamber of Commerce.

Frank M. Hill, for the Fresno Traffic Association.

Interstate Freight Auditing Service, by *A. J. Van Zamb*, for Joseph Herspring Company, Sacramento; Northwestern Redwood Company, Willits; California Canneries Company, San Francisco; United Canneries Company, Oakland; Myers, Darling and Hinton Company, Los Angeles; Niles Garden Canning Company, Manteca; Tamal Packing Company, San Francisco; G. W. Hume Company, San Francisco; Nelson Packing Company, San Francisco; N. Botto Company, San Francisco.

Seth Mann, for San Francisco Chamber of Commerce.

Frank B. Austin, for Defendant Southern Pacific Company in all cases.

Elmer Westlake, for Southern Pacific Company and Northwestern Pacific Railroad Company, defendants.

E. W. Camp and B. Levy, for Defendant The Atchison, Topeka and Santa Fe Railway Company.

James S. Moore, Jr., for Defendant Western Pacific Railroad Company.

BY THE COMMISSION.

SUPPLEMENTAL OPINION AND ORDER.

These cases involve similar issues, were heard together and will be disposed of in one court.

Complainants are corporations and individuals engaged in the canning and packing of fruits and vegetables at various points throughout the State of California. By complaints filed in the months of January, March and April, 1923, it is alleged that the rates assessed by these defendants for the transportation, between points within California, of returned empty boxes and crates, carloads, during the period March 1, 1920, to and including August 31, 1920, were unjust and unreasonable to the extent that they exceeded the Class E rates made effective October 6, 1920, in the different tariffs of the defendant carriers. The charges paid and alleged to be excessive and unreasonable are based on Class B ratings in conformity with items published in Pacific Freight Tariff Bureau Exception Sheet 1-F, C. R. C. 166, and 1-G, C. R. C. 221.

In making answers to the complaints the defendants denied the jurisdiction of this Commission during the time involved, March 1, 1920, to August 31, 1920, inclusive, commonly known as the federal guaranty period, and filed written motions to dismiss. The requests for dismissal were based upon the provisions of section 208-A of the Transportation Act, 1920, which provides as follows:

All rates, fares, and charges, and all classifications, regulations, and practices, in any wise changing, affecting, or determining, any part of the aggregate of rates, fares, or charges, or the value of the service rendered, which on February 29, 1920, are in effect on the lines of carriers subject to the Interstate Commerce Act, shall continue in force and effect until thereafter changed by state or federal authority, respectively, or pursuant to authority of law; but prior to September 1, 1920, no such rate, fare, or charge shall be reduced, and no such classification, regulation, or practice shall be changed in such manner as to reduce any such rate, fare, or charge, unless such reduction or change is approved by the Commission.

A hearing was held, *en banc*, April 23, 1923, for the purpose of oral argument on the motion to dismiss, based on the issue that this Commission was without jurisdiction to award reparation against intrastate traffic during the "federal guaranty period," as defined in sections 208 and 209 of the Transportation Act, 1920.

The motion to dismiss was denied by Decision No. 12153, May 29, 1923, reading in part as follows:

Notwithstanding the fact that the Interstate Commerce Commission has taken the position that it has no jurisdiction to award reparation against intrastate transportation during the guaranty period, it has assumed jurisdiction and awards reparation in connection with interstate shipments moved during the same period of time.

It would appear to the Commission that if it fail to act, complainants would have no redress unless by an action in the civil courts.

Upon consideration of all the facts and the arguments pro and con, we conclude that this Commission has jurisdiction to award reparation on shipments moved during the federal guaranty period and that the cases herein should be set for hearings and each proceeding decided upon its merits as to whether or not reparation is due and payable account excessive rates charged against shipments made during the federal guaranty period.

Further hearing was had October 10, 1923, before Examiner Geary, at which counsel for complainants introduced evidence as to the specific shipments, the amount of charges paid, the amount of reparation claimed, proof that complainants had paid the freight charges and suffered damages, and also testimony and exhibits showing that the Interstate Commerce Commission, prior to the issuance of its order of April 15, 1922 (referred to in our Decision No. 12153), had on its informal docket authorized the payment of reparation claims against identical shipments transported by these defendants during the federal guaranty period.

No testimony was introduced by either the complainants or defendants as to the reasonableness *per se* of the rates involved. In fact, no witnesses and no testimony at all was presented by the defendants, but it was stipulated that the rates and charges assessed and collected were unjust and unreasonable to the extent that they exceeded the Class E rates in effect at the time the movements took place, subject to a minimum charge of \$8 per car.

Replying to a question put by the examiner, counsel for one of the defendants stated that were not the question of jurisdiction involved the claims would have been paid without contest.

Prior to the commencement of these formal proceedings, complainants presented their claims to this Commission and made efforts to secure informal adjustments, as evidenced by our file I. C. No. 24696, referred to by one of the witnesses. This record shows informal filings as follows:

- Case 1864—California Packing Corporation, May 12, 1922.
- Case 1866—Hunt Brothers Packing Company, May 2, 1922.
- Case 1868—Rosenberg Bros. and Company, May 3, 1922.
- Case 1869—Libby, McNeill & Libby, May 1, 1922.
- Case 1885—Richmond-Chase Company, May 5, 1922.
 - The Shaw Family, Inc., May 23, 1922.
 - Bisceglia Bros., May 5, 1922.
 - Herbert Packing Company, May 5, 1922.
 - California Cooperative Canneries, May 5, 1922.
 - Pratt Low Preserving Company, May 5, 1922.
 - J. C. Ainsley Packing Company, May 5, 1922.
 - Herschel California Fruit Company, May 5, 1922.
- Case 1888—Max Schukl, May 6, 1922.
- Case 1892—A. A. Wilson, May 13, 1922.
- Case 1896—Sun-Maid Raisin Growers, May 4, 1922.
- Case 1905—H. G. Prince and Company, May 4, 1922.
- Case 1906—Western Canning Company, July 12, 1922.
- Case 1907—Pacific Coast Canning Company, May 4, 1922.
- Case 1949—Golden State Canning Company, May 12, 1922.

The Public Utilities Act provides, section 71 (b), that all complaints concerning excessive or discriminatory charges shall be filed with the Commission within two years from the time the cause of action accrues. It therefore follows that reparation for excessive charges is only recoverable two years prior to the date of the informal complaints, as shown by file I. C. No. 24696.

Upon the facts of record, we are of the opinion and find that the rates charged for the transportation of returned empty carriers, carloads, involved in these proceedings, were unreasonable to the extent that they exceeded the Class E rates made effective October 6, 1920, subject to a minimum charge of \$8 per car. We find that the complainants made the shipments as described and paid and bore the charges thereon at the rates herein found unreasonable; that they were damaged to the extent of the difference between the charges paid and those that would have accrued on the basis herein found reasonable; and that they are entitled to reparation with interest. The exact amount of the reparation due can not be determined upon the present record, and complainants should prepare statements showing details of the shipments, which statements should be presented to defendants. If parties can not agree upon the amounts due, the matter may again be brought before us for an order setting the amount of reparation to be paid.

ORDER.

These cases being at issue upon complaints and answers on file, and having been duly submitted by the parties, and full investigation of the matters and things involved having been had, and the Commission being fully apprised in the premises, and basing its order on the findings of fact which are contained in the opinion which precedes this order;

It is hereby ordered, that the defendants, according as they participated in the transportation, be and they are hereby authorized and directed to pay as reparation unto complainants amounts with interest equal to the difference between the charges paid and those that would have accrued on the bases of the Class E rates made effective October 6, 1920, subject to a minimum charge of \$8 per car, which rates are found to be just and reasonable.

Dated at San Francisco, California, this twenty-first day of November, 1923.

DECISION No. 12850.

IN THE MATTER OF THE APPLICATION OF JOHN S. DRUM AND MERCANTILE TRUST COMPANY, AS EXECUTORS OF THE LAST WILL OF FRANK G. DRUM, DECEASED, FOR AUTHORITY TO SELL AND CONVEY TO THE SOUTHERN PACIFIC COMPANY THAT CERTAIN RAILROAD KNOWN AS THE CHOWCHILLA PACIFIC RAILROAD, TOGETHER WITH ITS ROLLING STOCK, RIGHTS OF WAY, FRANCHISES, ETC.

Application No. 9417.Decided November 21, 1923.

E. J. Foulds, for Applicants.*MARTIN*, Commissioner.**ORDER.**

John S. Drum and Mercantile Trust Company of California, as executors of the last will of Frank G. Drum, deceased, ask authority to sell and convey to the Southern Pacific Company or one of its subsidiaries, for the sum of \$50,000, the railroad properties and appurtenances formerly owned by the Chowchilla Pacific Railway Company.

These properties were acquired by Frank G. Drum, pursuant to the authority granted by Decision No. 10794, dated July 29, 1922, in Application No. 8030. A description of the properties is filed in that proceeding. The line of railway is approximately ten miles in length and extends from Chowchilla, on the line of the Southern Pacific, to a point known as Dairyland, on the Chowchilla ranch. It is of record that though the properties may be transferred to a subsidiary company, the Southern Pacific Company will be in active control of the properties and their operation.

The Commission has considered applicants' request and believes that it should be granted; therefore,

It is hereby ordered, that John S. Drum and Mercantile Trust Company of California, as executors of the last will of Frank G. Drum, deceased, be and they are hereby authorized to sell and convey to the Southern Pacific Company, or one of its subsidiaries, for the sum of \$50,000, the railroad properties acquired by said Frank G. Drum, pursuant to the authority granted by Decision No. 10794, dated July 29, 1922, and said Southern Pacific Company, or one of its subsidiaries, are hereby authorized to acquire such properties.

The authority herein granted is subject to the following conditions:

1. The price at which the properties are herein authorized to be transferred shall not hereafter be urged before this Commission or other public body as a measure of the value of the properties for the purpose of fixing rates or any purpose other than the transfer herein permitted.

2. The Southern Pacific Company or its subsidiary which will acquire title to the properties shall file with the Railroad Commission a copy of the deed under which it secures and holds title to the properties, such copy to be filed with the Railroad Commission within thirty days after its execution.

3. The authority herein granted will become effective upon the date hereof and will apply only to such properties as may be transferred on or before February 1, 1924.

The foregoing order is hereby approved and ordered filed as the order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this twenty-first day of November, 1923.

DECISION No. 12851.

IN THE MATTER OF THE APPLICATION OF PACIFIC ELECTRIC RAILWAY COMPANY, A CORPORATION, FOR PERMISSION TO CONSTRUCT AND MAINTAIN AT GRADE, TRACKS ACROSS CERTAIN PUBLIC HIGHWAYS IN THE CITY OF LONG BEACH AND IN THE COUNTY OF LOS ANGELES IN CONNECTION WITH THE CONSTRUCTION OF ITS PROPOSED RAILROAD ON SECOND STREET FROM A POINT IN ITS PRESENT RAILROAD LINE AT LIVINGSTON DRIVE AND SECOND STREET, IN THE CITY OF LONG BEACH, AND RUNNING THENCE IN A GENERAL EASTERLY DIRECTION TO A CONNECTION WITH APPLICANT'S NEWPORT BEACH LINE ON PRIVATE RIGHT OF WAY AT NAPLES, IN THE COUNTY OF LOS ANGELES; AND FOR THE ABANDONMENT OF PART OF ITS ALAMITOS HEIGHTS LINE AND OF PART OF ITS NAPLES SPUR.

Application No. 9415.

Decided November 21, 1923.

C. W. Cornell, for Applicant.

Murray Brown, Assistant City Attorney, for the City of Long Beach.

James F. Collins, for Belmont Shore Company, and for Belmont Shore Development Company.

BY THE COMMISSION.

OPINION.

In the above entitled application Pacific Electric Railway Company asks three things, namely: First, a certificate of public convenience and necessity to construct a single track electric railroad from a point in the existing Alamitos Heights line of applicant near the intersection of Second street and Livingston drive in the city of Long Beach, thence in an easterly direction in and along Second street and across private property to a junction with applicant's Newport line near the intersection of Cordova walk and Appian walk in the unincorporated portion of Los Angeles County; second, permission to construct twenty-four grade crossings incident to the construction of said single track rail-

road; third, permission to abandon that portion of applicant's Alamitos Heights line from a point near the intersection of Second street and Livingston drive in the city of Long Beach to its junction with the Newport line of applicant, including the west leg of the wye, and to abandon approximately six hundred feet of track at the end of the spur known as Naples extension, located adjacent to Ravina walk.

A public hearing was held on this application before Examiner Williams in Long Beach, October 26, 1923.

The occasion of the proposed changes covered in this application arises because of a development undertaken by the Belmont Shore Company for the reclamation of a considerable tract of land near the easterly city limits of the city of Long Beach. The present Alamitos Heights line of the Pacific Electric along Livingston drive is used only for occasional freight service, there being no passenger service rendered thereover. The proposed line along Second street will pass through the heart of the territory being reclaimed and developed as residential property. This reclamation project covers two hundred seventeen acres and is being accomplished by dredging from Alamitos Bay to make the necessary fill on the reclaimed ground. A portion of this work has already been done and about seven hundred fifty thousand square feet of concrete pavement has been laid for street improvement in addition to the necessary sidewalks, curbs and sewers. Contract has been made for six hundred thousand additional square feet of paving.

As this area becomes built up for residential purposes, electric railway transportation will probably be needed and the construction of a line along Second street appears to be the logical location for the establishment of such service. The applicant proposes to establish hourly service initially on this line during the major portion of the day with half hourly service during the morning and evening hours. This service will be essentially a street car service and passengers will be carried through to the business district of Long Beach without transfer. The total length of the new line proposed is approximately one and one-quarter miles and includes a bridge approximately five hundred feet long over the channel of the Alamitos Slough. That portion of the line west of the Alamitos Slough is to be located along the center line of Second street but that portion of the line east of the slough is to be located on private right of way. The land company has agreed to contribute \$63,000 toward the construction of the railroad, which cost it may be assumed will be absorbed in the value of the real estate which will be benefited by the construction of the line. The land company that is financing the reclamation of this district estimates that there will be a population of approximately five thousand to be served along

the proposed Second street line within two years and that this district will have an ultimate residential capacity of over twenty thousand.

The applicant has obtained the necessary franchises for the construction of this extension and no one appeared at the hearing protesting the granting of this application, and it appears that public convenience and necessity will, in the immediate future, require the construction of the line as applied for, and upon its construction will make unnecessary the further maintenance of that portion of the Alamitos Heights line situated between Second street and the Newport line of applicant.

Incident to the construction of the proposed line it is proposed to construct the track at grade across some twenty-four public streets. These crossings divide themselves into three groups: (a) those crossings of streets open to public travel across that portion of the track located in Second street, namely, Second street, Roycroft avenue, Santa Fe avenue, St. Joseph avenue, Campbell avenue, Bixby avenue, Nieto avenue, Corona avenue, Covina avenue, La Verne avenue, Artesia avenue, Pomona avenue, Santa Ana avenue, Claremont avenue and The Toledo; (b) crossings of streets which are physically open to public travel across that portion of the track located on private right of way, namely, alley in block bounded by Appian walk, Gabriella canal, Campo walk and Cordova walk; (c) the crossings of those streets which are not physically open to public use and travel, namely, West Ravina walk, East Ravina walk, Attica walk, San Marco walk, Campo walk, Appian walk, public highway the center of which is approximately nine hundred three feet westerly from the center line of West Ravina walk, and public highway the center line of which is approximately one thousand six hundred fifty feet westerly from the center line of West Ravina walk.

All of these crossings are relatively unimportant with the exception of the crossing of Second street which, because of the fact that Second street is the route of the state highway through this portion of Long Beach, is of more than ordinary importance. The Second street crossing is what might be termed a split crossing, that is, the track enters Second street near Livingston drive from the southerly direction and leaves Second street near Bay Shore avenue in a northerly direction and in the intervening space is situated along the center line of Second street and therefore the track crosses the line of eastbound vehicular traffic near the intersection of Second street and Livingston drive and crosses the line of westbound vehicular traffic near the intersection of Second street and Bay Shore avenue.

Due to the very nature of the service to be rendered by the proposed railroad, which is street car service, it is impracticable to provide for the separation of grades at any of the streets. Furthermore, inasmuch

as the view is at present practically unobstructed at all the crossings and the speed of cars operated on the railroad will be moderate, it does not appear essential that any special protection be afforded at any of the crossings at this time.

ORDER.

Pacific Electric Railway Company having made application for permission to construct its proposed railroad from a point in the city of Long Beach near the intersection of Second street and Livingston drive to a connection with its Newport line in the unincorporated portion of the county of Los Angeles near the intersection of Cordova walk and Appian walk and at grade across certain public highways in the city of Long Beach, county of Los Angeles, State of California, and having further made application for permission to abandon certain tracks in the city of Long Beach and in the unincorporated portion of the county of Los Angeles, a public hearing having been held, the Commission being apprised of the facts, the matter being under submission and ready for decision:

It is hereby found as a fact that public convenience and necessity require the construction and operation of a railroad from a point in the present Alamitos Heights line of Pacific Electric Railway Company near the intersection of Second street and Livingston drive in the city of Long Beach, thence running in a general easterly direction to a connection with the Newport line of said Pacific Electric Railway Company, the location of said line being described as follows:

Commencing at the intersection of the center line of Second street, as shown on map of Tract No. 3885, recorded in book 42, on pages 56 and 57, of maps, records of Los Angeles County, California, with the easterly boundary line of the city of Long Beach; thence northwesterly along said center line of Second street, 2081.44 feet to the beginning of a curve concave southerly and having a radius of 235 feet; thence westerly along said curve, 183.41 feet to a point in the center line of the right of way of the Pacific Electric Railway, said last mentioned point being distant 96.66 feet southwesterly from the intersection of said center line of right of way with the northwesterly prolongation of above mentioned center line of Second street; and

Commencing at the intersection of the center line of Second street, as shown on map of Tract No. 4029, recorded in book 43, on page 2 of maps, records of Los Angeles County, California, with the easterly boundary line of the city of Long Beach; thence south $62^{\circ} 53'$ east along said center line of Second street; 683.53 feet to the beginning of a curve concave northerly and having a radius of 1000 feet (said center line of Second street being tangent to said curve at the beginning of said curve); thence easterly along said curve 239.26 feet to a point; thence south $76^{\circ} 35' 30''$ east, 2235.83 feet to a point in the westerly line of Lot A as shown on map of Naples extension recorded in book 10, page 58, of maps, Los Angeles County records; thence south $78^{\circ} 05'$ east, 1245.98 feet to a point in the northeasterly line of Appian walk as shown on said map of Naples extension, said last mentioned point being distant southeasterly along said northeasterly line, 409.74 feet from its intersection with the northeasterly prolongation of the southeasterly line of Campo walk as shown on said map of Naples extension.

All of the above as shown on the map (C. E. 6541) filed as Exhibit No. 1 in the above entitled application; therefore,

It is hereby ordered, that permission be and it is hereby granted Pacific Electric Railway Company to construct its track at grade across Second street, Roycroft avenue, Santa Fe avenue, St. Joseph avenue, Campbell avenue, Bixby avenue, Nieto avenue, Corona avenue, Covina avenue, La Verne avenue, Artesia avenue, Pomona avenue, Santa Ana avenue, Claremont avenue, The Toledo, West Ravina walk, East Ravina walk, Attica walk, San Marco walk, Campo walk, alley in block bounded by Appian walk, Gabriella canal, Campo walk and Cordova walk, Appian walk, public highway the center line of which is approximately nine hundred three feet westerly from the center line of West Ravina walk, and public highway the center line of which is approximately one thousand six hundred fifty feet westerly from the center line of West Ravina walk, in the city of Long Beach and county of Los Angeles, State of California, in the location as shown on Drawing C. E. 6541, filed as Exhibit No. 1 in the above entitled application subject to the following conditions:

(1) The entire expense of constructing the crossings, together with the cost of their maintenance thereafter in good and first-class condition for the safe and convenient use of the public, shall be borne by applicant.

(2) Said crossings of Second street, Roycroft avenue, Santa Fe avenue, St. Joseph avenue, Campbell avenue, Bixby avenue, Nieto avenue, Corona avenue, Covina avenue, La Verne avenue, Artesia avenue, Pomona avenue, Santa Ana avenue, Claremont avenue, The Toledo, alley in block bounded by Appian walk, Gabriella canal, Campo walk and Cordova walk shall be constructed of a width and type of construction to conform to those portions of said streets now graded with the top of rails flush with the pavement and with grades of approach not exceeding two (2) per cent, shall be protected by suitable crossing signs and shall in every way be made safe for the passage thereover of vehicles and other road traffic.

(3) This order is made upon the express condition that West Ravina walk, East Ravina walk, Attica walk, San Marco walk, Campo walk, Appian walk, public highway the center line of which is approximately nine hundred three feet westerly from the center line of West Ravina walk, and public highway the center line of which is approximately one thousand six hundred fifty feet westerly from the center line of West Ravina walk, are not now actually constructed and open to traffic at the respective points of crossing and said order shall not be deemed an authorization for the construction of or opening up of said streets for public use across said railroad track.

(4) Applicant shall, within thirty (30) days thereafter, notify this Commission, in writing, of the completion of the installation of said crossings.

(5) The authorization herein granted for the installation of said crossings will lapse and become void one year from the date of this order unless further time is granted by subsequent order.

(6) The Commission reserves the right to make such further orders relative to the location, construction, operation, maintenance and protection of said crossings as to it may seem right and proper, and to revoke its permission if, in its judgment, the public convenience and necessity demand such action.

It is hereby further ordered, that Pacific Electric Railway Company be and it is hereby authorized to abandon and remove the tracks therefrom of those portions of its line described as follows:

First: That portion of the Alamitos Heights line extending from Long Beach to applicant's Newport Beach line at Alamitos Heights as follows: Commencing in private right of way at the point of beginning of the proposed Second street extension near Livingston drive and Second street in the city of Long Beach; thence northeasterly and northerly to a point in the Newport Beach line near Nieto avenue;

Also beginning at a point in the last mentioned line at a point near Livingston drive and Bixby avenue, thence on a curve in a general easterly direction to a point in the said Newport Beach line, and,

Second: That portion of the Naples spur beginning at a point approximately forty (40) feet northerly from the proposed Second street extension near Ravina walk, Naples, in the county of Los Angeles; thence in a general southerly direction for approximately six hundred (600) feet to the end of said Naples spur.

All of the above as shown on the map C. E. 6541, filed as Exhibit No. 1 in the above entitled proceeding.

This order shall become effective three (3) days after the making thereof.

Dated at San Francisco, California, this twenty-first day of November, 1923.

DECISION No. 12858.

IN THE MATTER OF THE APPLICATION OF HARRY LEE MARTIN, DOING BUSINESS UNDER THE NAME AND STYLE OF "ARROWHEAD TELEPHONE COMPANY," FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY FOR THE ACQUIRING AND CONSTRUCTION OF A TELEPHONE SYSTEM AND OF LINES, RIGHTS OF WAY, NECESSARY LANDS AND OFFICES THROUGH THE VICINITY KNOWN AS ARROWHEAD WOODS, CALIFORNIA.

Application No. 9180.

Decided November 26, 1923.

Musick, Burr and Pinney, by *W. B. Pinney*, for Harry Lee Martin.
W. W. Butler, for Associated Telephone Company.
A. N. Johns and *O. A. Prest*, for Associated Telephone Company.
N. R. Powley and *J. L. Adams*, for The Pacific Telephone and Telegraph Company.
B. T. Ergenbright, for Bear Valley Utility Company.

BY THE COMMISSION.

OPINION.

This is a proceeding in which the applicant, Harry Lee Martin, doing business under the name and style of "Arrowhead Telephone Com-

pany," requests this Commission to make an order issuing a certificate to him that public convenience and necessity require the acquisition and operation of a certain telephone system in course of construction by Arrowhead Lake Company, in the vicinity of Arrowhead Woods, San Bernardino County.

As set forth in the application, Arrowhead Lake Company is constructing a telephone line, consisting of two metallic circuits, from Arrowhead Woods to Highland, and is installing a telephone system at Arrowhead Woods. The Arrowhead Telephone Company desires to purchase from the Arrowhead Lake Company this telephone line and equipment, together with certain rights of way, and to carry on a telephone business in Arrowhead Woods and adjacent territory, as shown by the map designated as applicant's Exhibit "A" in this proceeding.

Applicant claims that the territory which he desires to serve has not now, nor has it had, any public utility within its boundaries furnishing telephone service as applicant proposes; that the line affording telephone service to this territory is a private line and that the same does not furnish adequate service; that this private line is poorly constructed and during storms, and at other times, is frequently out of service, and that the service which applicant proposes to render will in no way interfere with the service now rendered over this line.

This proceeding was heard at Lake Arrowhead on July 20, 1923, before Examiner Williams.

Applicant, in his Exhibit No. 5, presented an inventory covering labor and material used in the construction of the telephone system at Lake Arrowhead, together with lines extending to Highland.

Applicant has applied to the board of supervisors of the county of San Bernardino for a franchise to carry on business in that county, but at the time of the hearing applicant submitted a resolution from the county of San Bernardino granting him the right to carry on a telephone business pending the issuance of the franchise.

The territory known as "Arrowhead Woods" is a valley situated in the mountains, about eleven and one-half miles north of Highland. It is both a winter and summer resort, having hotels, business houses, camps and private homes. During the past summer the population of the valley has been approximately 3000 people.

The Associated Telephone Company made certain objections at the hearing to the granting of applicant's request, claiming that although it did not care to serve that territory, it did object to another utility coming in and taking away a portion of this territory.

Subsequent to the submission of this proceeding, the Associated Telephone Company advised this Commission that it had other objections to the granting of applicant's request and further evidence to submit. In order that Associated Telephone Company might have a full oppor-

tunity to present all of its objections and submit evidence, this Commission reopened this proceeding for further hearing. Pending the further hearing and on account of the urgency of this matter, the Commission, on August 21, 1923, issued a preliminary order in Decision No. 12507, authorizing applicant to construct and operate a telephone system in the locality of Arrowhead Woods, until such time as the Railroad Commission may, by formal hearing, determine the various issues of this proceeding.

The second hearing in this proceeding was held in Los Angeles on October 4, 1923, before Examiner Williams.

The Associated Telephone Company, in this latter hearing, stated that it had always considered that the Arrowhead Woods and territory adjacent thereto was part of its San Bernardino exchange area.

Mr. Butler, counsel for the Associated Telephone Company, stated that the Associated Telephone Company has no objection, at the present time, and has not had any objection to the establishment of this exchange; provided, the exchange shall take over all of the business north of the south line of Township No. 2. He further stated that the best part of the telephone business, in this section, was located around Lake Arrowhead and, if the Arrowhead Telephone Company was to render any service, that they should also serve the entire territory, including the scattered business. Mr. Butler also stated that the telephone business in this territory has always been unprofitable and will always be unprofitable, owing to the difficulty in proper maintenance of the lines. Upon these grounds the Associated Telephone Company objects to the granting of applicant's request in this proceeding.

The territory around Lake Arrowhead is a very rapidly growing section and, up to the time of the issuance of the preliminary order in this proceeding, the only telephone service available was that over privately owned lines, which connected to the Associated Telephone Company's lines either on their Strawberry Flat or Toll Gate lines.

Testimony of witnesses of the Associated Telephone Company shows that that company has, in the past, taken no steps to render adequate service in the territory around Arrowhead Lake, and, in the past, has made little if any attempt to determine the growth of that community and to prepare to meet the demand for telephone service; in fact, the Associated Telephone Company, through one of its own witnesses, admitted that it did not know that there was a demand for service in this particular section, nor had it ever made any study to determine whether an exchange at Arrowhead was justified, nor knew that the Arrowhead territory had, in the recent past, been increasing in population.

From the evidence in this proceeding, and that submitted by the Associated Company, it appears that the Associated Company has not, in the past, been rendering adequate and satisfactory service in this territory around Arrowhead Lake and that it has taken no steps to plan for the future telephone demand for service, nor to take care of the demand for service after it has existed and, in fact, did not know that a demand for service even did exist.

The Associated Telephone Company now objects to the Arrowhead Telephone Company furnishing telephone service to this territory around Arrowhead Lake unless it serves all subscribers now connected either to the Associated Telephone Company's lines or to privately owned lines, situated north of the south line of Township No. 2.

The matter before the Commission in this proceeding is whether Harry Lee Martin, operating as the Arrowhead Telephone Company, should or should not be granted a certificate of public convenience and necessity to allow him to establish an exchange at Arrowhead Woods for the purpose of rendering telephone service in Arrowhead Woods and adjacent territory.

If the Associated Telephone Company desires to abandon service in any territory other than that before this Commission in this proceeding, or if it believes that it can not render adequate service in any particular territory which it holds itself out to serve, then it should come before this Commission with that matter in the usual and proper way.

The Commission is of the opinion that public convenience and necessity require the granting of applicant's request in this proceeding to acquire and operate the telephone system described in this application and that applicant establish and operate a telephone exchange at Arrowhead Woods and render service within that territory in and around Arrowhead Woods.

Applicant included a schedule of rates, rules and regulations which he proposes to apply to the telephone service to be rendered. These rates and rules are similar to rates and rules of the Bear Valley Utility, operating in a similar territory and under similar conditions to that of the applicant. Certain modifications will be necessary to be made on account of difference in existing conditions.

ORDER.

Harry Lee Martin, doing business under the name and style of Arrowhead Telephone Company, has requested this Commission for an order granting him a certificate that public convenience and necessity require applicant to acquire and operate a certain telephone system, as described in the application; the board of supervisors of the county of San Bernardino having granted Harry Lee Martin the right and privilege of carrying on a general telephone business pending the

granting of a franchise; public hearings having been held upon the above entitled matter and the matter being submitted and now ready for decision:

The Railroad Commission hereby declares that public convenience and necessity require Harry Lee Martin to acquire and operate the telephone system, as described in his application, and to render adequate telephone service within that territory as described in Exhibit "B" of this application.

It is hereby ordered, that a certificate of public convenience and necessity be and the same is hereby granted to Harry Lee Martin, doing business under the name and style of Arrowhead Telephone Company.

The authority herein granted is upon the following conditions, and not otherwise:

(1) Harry Lee Martin shall file with this Commission a certified copy of the franchise granted him by the board of supervisors of the county of San Bernardino within fifteen (15) days of the date of this order.

(2) Harry Lee Martin shall file, within fifteen (15) days of the date of this order, a stipulation in satisfactory form with this Commission to the effect that neither he, his successors nor assignees will ever claim before the Railroad Commission, any court or other public body, a value for said franchise in excess of the amount paid for the same.

(3) Harry Lee Martin shall charge and collect for telephone service rendered on and after December 1, 1923, the rates as set forth in Exhibit No. 1, attached hereto.

(4) Harry Lee Martin shall file with the Railroad Commission on or before November 30, 1923, the rates as set forth in Exhibit No. 1, attached hereto.

(5) Harry Lee Martin shall file with the Railroad Commission, for its approval, on or before December 15, 1923, rules and regulations to govern telephone service.

It is hereby further ordered, that Harry Lee Martin shall disconnect, on or before November 30, 1923, from his system any lines which directly connect with any exchange line of the Associated Telephone Company.

Dated at San Francisco, California, this twenty-sixth day of November, 1923.

EXHIBIT 1.

Exchange Service—Schedule No. A-1.

General Service.

Applicable to individual and party line unlimited common-battery exchange service within the primary rate area.

Rate.	Class of service	Rate per station per month			
		Business		Residence	
		Wall set	Desk set	Wall set	Desk set
Individual line	-----	\$4 25	\$4 50	\$3 50	\$3 75
Two-party line	-----	3 75	4 00	3 00	3 25
Four-party line	-----			2 50	2 75
Extension sets, with or without bell	-----	1 00	1 25	1 00	1 25

Exchange Service—Schedule No. A-2-a.

Commercial Private Branch Exchange Service.

Applicable to business commercial flat-rate common-battery service requiring a private branch exchange.

Rate.	Rate per month
(a) Switchboard, cord, with battery power, ringing power and switchboard telephone for each position, per position	\$5 00
(b) First bothway trunk line	6 00
Each additional bothway trunk line	4 50
(c) Each station, primary or extension wall or desk set	1 00

Conditions.

(a) The above rate applies to stations located within premises in which private branch exchange is located. To each station without premises a mileage rate, in accordance with Schedule No. A-3, is applicable.

(b) Minimum installation per switchboard: Two (2) trunk lines and four (4) stations, excluding switchboard telephones.

Exchange Service—Schedule No. A-2-b.

Hotel Private Branch Exchange Service.

Applicable to business hotel flat-rate common-battery service requiring a private branch exchange.

Rate.	Rate per month
(a) Switchboard, with battery power, ringing power and switchboard telephone for each position, equipped for fifteen lines	\$2 00
(b) Additional switchboard equipment for each group of five lines or less	20
(c) First bothway trunk line	6 00
Each additional bothway trunk line	4 50
(d) Each station, primary or extension not in guest rooms	\$1 00
Each station, primary or extension in guest rooms—	
1 to 10, inclusive	50
11 to 20, inclusive	45
21 to 35, inclusive	40
36 to 50, inclusive	35
Over 50	25

Conditions.

(a) The above rates apply to stations located within building in which private branch exchange is located. To each station outside building in which private branch exchange is located a mileage rate, in accordance with Schedule No. A-3, is applicable.

(b) Minimum installation per switchboard: Two (2) trunk lines and ten (10) stations, excluding switchboard telephones.

Exchange Service—Schedule No. A-2-c.*General Service.*

Applicable to four-party line unlimited *magneto* service outside the primary rate area.

Rate.

(a) <i>Fixed Charge.</i>	Class of service	Rate per station per month	
		Residence service	Desk set
Four-party line -----		Wall set \$2 50	Desk set \$2 75

(b) *Mileage.*

The mileage rate per station for each one-fourth of a mile air line distance between the station served and the nearest point on the primary rate area boundary is:

Four-party line ----- \$0 50

(c) *Total Charge.*

The total monthly charge is the sum of the charges given under (a) and (b) above.

Exchange Service—Schedule No. A-3.*Mileage Rates—Extension Stations.*

Applicable to general and private branch exchange service.

Rate.

For extension stations and private branch exchange stations outside premises the monthly rate is \$0.50 per one-quarter mile (circuit mileage) or fraction thereof per line.

Conditions.

(a) The charge for mileage is in addition to the regular extension or private branch exchange station rates.

Exchange Service—Schedule No. A-4.*Directory Listing.*

Charges for directory listing in addition to that which subscriber is entitled to under regular rates for service.

Rate.

(A) One insertion in the telephone directory will be allowed for each main line or party line telephone, other than extension sets, without charge and, in the case of a firm, one additional listing will be allowed.

(B) Extra listings will be charged for at the following rates:

	Rate per month
(a) Member of same firm, same business -----	\$0 50
(b) Joint user, individual unlimited business -----	1 50
(c) Any individual residing at a residence listed at the residence -----	50

Conditions.

(a) Joint user means individual not connected with the firm or business who is the subscriber of record.

(b) Orders for extra listings will be taken for not less than six months, and must be signed by the subscriber to the telephone who becomes responsible for payment of the charges for the extra listings.

(c) Charges for extra listings begin as soon as the listings are entered on the records of the information operators, irrespective of the date of issuance of the directory in which they appear.

Exchange Service—Schedule No. A-5.*Supplemental Equipment.*

Rates for extra equipment requested by subscriber.

Rate.	Installation charge	Rate per month
Ordinary extension bell—2½"-----	\$1 00	\$0 25
Loud ringing extension bell—6"-----	1 50	50

Exchange Service—Schedule No. A-6.*Moves and Changes.*

Charges for changes of location of equipment or wiring on the subscriber's premises will be as follows:

(a) For moving a telephone set from one location to another on the same premises, \$3.00.

(b) For moving any other equipment or wiring from one location to another on the same premises, a charge based on the cost of labor and material.

Charges for changes other than moves in wiring and equipment on the subscriber's premises, made on the initiative of the subscriber, will be as follows:

(a) For change in type or style of telephone set, \$3.00.

(b) For other changes in equipment or wiring, a charge based on the cost of labor and material.

The charges specified above will not apply if the changes or moves are required for the proper maintenance of the equipment or service.

The charges specified above will not apply if the changes are required because of a change in class or grade of service.

Exchange Service—Schedule No. A-7.*Vacation Service.*

Subscribers to residence service, while temporarily absent from their residences, may be granted a discount of fifty per cent (50%) of the full residence rate, including mileage, for their primary telephones and extensions, under the conditions following:

Vacation rates are applicable to residence service only.

Applications for vacation rates must be made in writing and, at the time when application is made, the applicant shall be a subscriber to unlimited exchange residence service at the full schedule rate, and shall have had residence service for a continuous period of not less than one year. The subscriber's account must be paid in full to date of application for the vacation rate at the time when the application is made, and the exchange service charge, at the vacation rate, shall be paid for the full period during which the vacation rate is to continue, at the time when the application is accepted by the company.

Service at the vacation rate may begin on any day of the month, provided that notice is given sufficiently in advance to permit of necessary arrangements being made, and may be granted for any period not less than one month and not in excess of four months.

Subscribers will be allowed but one suspension of service at the vacation rate in any one calendar year.

Service furnished during the period of the vacation rate will consist of outgoing service only. Persons calling for the subscriber's number during such period will be advised by the operator that the telephone has been "temporarily disconnected."

Complete service will be restored without notice from the subscriber not later than 5.00 p.m. on the last day of the month to which the vacation rate is made to apply. Should the subscriber desire incoming service restored in advance of that date, notice to that effect should be given to the company sufficiently in advance of the date on which it is desired that incoming service be restored to permit of making arrangements for its restoration.

In the event of advance restoration of service, the subscriber will be billed at the regular full rate from and including the date following that on which the service was restored, and the payment previously made for the vacation rate period will be adjusted and proper credit allowed from the date of restoration as a payment on account.

Toll Service—Schedule No. B-1.*General Service.*

The following listed rates are applicable between Arrowhead and Highland, to station-to-station, person-to-person, appointment and messenger, interexchange telephone toll service, over the toll lines of the Arrowhead Telephone Company and are

based on air line distances, in accordance with the terms and conditions of Order No. 2495, dated December 13, 1918, and Order No. 2797, dated February 17, 1919, amendatory thereto, of the Postmaster General of the United States:

Class of service.	Initial rate	Initial period in minutes	Overtime rate	Overtime period in minutes
Station-to-station -----	\$0 10	5	\$0 05	3
Person-to-person -----	15	3	05	1
Appointment and messenger -----	20	3	05	1
Report charge -----	05			

The rates for any other classes of toll service specified herein between Arrowhead and toll points on the lines of The Pacific Telephone and Telegraph Company beyond Highland are through rates quoted by The Pacific Telephone and Telegraph Company, as established under the terms and conditions of the orders hereinabove referred to.

Telegraph Service—Schedule No. C-1.

General Service.

The company will accept for transmission and delivery, messages of the classes and at the rates specified in the following, subject to the conditions herein set forth.

Telegrams—

30 cents for 10 words or less, 2½ cents for each additional word.

Day Letters—

45 cents for 50 words or less, 9 cents for each additional 10 words or less.

Night Letters—

30 cents for 50 words or less, 6 cents for each additional 10 words or less.

Conditions.

Telegrams, day letters and night letters, when offered at the company's office in Arrowhead during regular business hours for transmission to any address, and messages of the classes herein enumerated, when offered at Highland during the hours as stated above for transmission to Arrowhead, will be accepted by the company, at the rates listed above, for transmission by telephone over its toll lines between Arrowhead and Highland.

Messages of the classes enumerated in the preceding schedule, when offered at Arrowhead for transmission to Highland, will be accepted by the company, subject, as to delivery, to the rules and regulations of The Pacific Telephone and Telegraph Company relating to the receipt and delivery of telegraph messages.

Messages of the classes specified in the preceding paragraphs, when offered at Arrowhead for transmission to points beyond Highland, will be accepted by the company, subject to transfer at Highland to other lines for further transmission to point of address, in accordance with the rules and regulations for the receipt, transmission and delivery of telegraph messages established by the company, or companies, over whose lines they are to be transmitted beyond Highland. For such further transmission and delivery, the rates of the company, or companies, handling the same beyond Highland are applicable, in addition to the rates of the Arrowhead Telephone Company for transmission between Arrowhead and Highland.

Free delivery of messages will be made to addresses at Arrowhead when such free delivery can be made by telephone. When free delivery can not be made by telephone, the company does not undertake to make delivery, but will, without liability, at the sender's request, as his agent and at his expense, endeavor to contract for him such delivery at a reasonable price.

Day letters may be forwarded by the company as a deferred service and the transmission and delivery of the same is, in all respects, subordinate to the priority of transmission and delivery of regular telegrams.

Day letters will be received subject to the express understanding and agreement that the company does not undertake that a day letter shall be delivered on the day of its date absolutely and at all events; but that the company's obligation in this respect is subject to the condition that there shall remain sufficient time for its transmission and delivery on the day of its date during regular office hours, subject to the priority of transmission of regular telegrams under the conditions named above.

Night letters may, at the option of the company delivering the same, be mailed at destination to the addressees, and this company, or any company delivering the same, shall be deemed to have discharged its obligation in such cases with respect to delivery by mailing such night letters at destination, postage prepaid.

All day letters and night letters shall be written in plain English on blanks which will be furnished by the company. Except as to telegrams, code language is not permissible.

Primary Rate Area.

Beginning at the tunnel mouth on the west border of Lake Arrowhead, in section 16, then due west to the west line of section 16, thence south to the southwest corner of NW.¼ of NW.¼ of section 21, thence east along the exchange boundary to little Bear Creek in section 14, thence southwest along little Bear Creek to Lake Arrowhead, thence along the southerly border of Lake Arrowhead to point of beginning.

DECISION No. 12865.

IN THE MATTER OF THE APPLICATION OF THE POSTAL TELEGRAPH-CABLE COMPANY FOR AUTHORITY TO OPEN A TELEGRAPH OFFICE AT SANTA ANA, CALIFORNIA.

Application No. 7610.

Decided November 26, 1923.

W. W. Morrison, for Applicant.

E. C. Vanderbilt, for the Western Union Telegraph Company.

BY THE COMMISSION.

OPINION.

Postal Telegraph-Cable Company in this proceeding requests the Railroad Commission for an order declaring that public convenience and necessity require the establishment by it of a telegraph office in the city of Santa Ana. A public hearing in the matter was held in Santa Ana on April 13, 1922, before Examiner Williams.

Santa Ana is situated in a large fruit growing and farming section and during the fruit season particularly makes extensive use of telegraph service. It is petitioner's belief, as expressed by its district superintendent, as well as the belief of witnesses who testified for petitioner, and of others who have addressed written communications to petitioner, that the demand for service is sufficient to justify the establishment of an additional telegraph office to be operated by petitioner.

The Western Union Telegraph Company has maintained service in Santa Ana continuously for many years and although it does not now oppose the entrance of the Postal Telegraph-Cable Company into this territory, it urges that its own service is now adequate and claims that there is not now a necessity for the establishment of an additional telegraph office by petitioner.

Postal Telegraph-Cable Company operates a system not only in California, but generally throughout the United States. The opening of an office in the city of Santa Ana will allow subscribers to the service

of the Postal Company in Santa Ana access to applicant's system and also the subscribers of the Postal's system access to Santa Ana and the opening of this office, as requested, appears to be in the interest of better service to the patrons of applicant's service. It appears, therefore, that public convenience and necessity require applicant to establish a telegraph office in Santa Ana.

ORDER.

Application having been filed by Postal Telegraph-Cable Company for authority to open a telegraph office at Santa Ana, California, a public hearing having been held, and it appearing to the Commission that public convenience and necessity require its establishment:

The Railroad Commission hereby declares that public convenience and necessity require Postal Telegraph-Cable Company to establish a telegraph office in the city of Santa Ana for the transaction of general telegraph business; and

It is hereby ordered, that a certificate of public convenience and necessity be and the same is hereby granted to Postal Telegraph-Cable Company for the opening and operation of a telegraph station in the city of Santa.

The authority herein granted is based upon the following conditions and not otherwise:

1. Postal Telegraph-Cable Company shall file with this Commission a certified copy of any franchise which has been or may hereafter be granted it for the carrying on of telegraph business in the city of Santa Ana on or before December 15, 1923, or within fifteen (15) days after the same is granted to it.

2. Postal Telegraph-Cable Company shall file a stipulation in satisfactory form with this Commission to the effect that its successors or its assigns will never claim before the Railroad Commission, any court or other public body, a value for any franchise which it may now have or may hereafter obtain for the operation of an office in Santa Ana in excess of the amount which it has paid or may pay for the same, on or before December 15, 1923, or within fifteen (15) days from the date any such amount is paid by it.

3. That Postal Telegraph-Cable Company shall have opened a telegraph office in the city of Santa Ana within a period of ninety (90) days from the date of this order.

4. Postal Telegraph-Cable Company shall notify this Commission within five (5) days after the date telegraph office is opened in the city of Santa Ana.

Dated at San Francisco, California, this twenty-sixth day of November, 1923.

DECISION No. 12866.

IN THE MATTER OF THE APPLICATION OF THE CITY OF SOUTH GATE FOR A PERMIT TO CROSS THE TRACKS OF THE SOUTHERN PACIFIC COMPANY BETWEEN THE LINES OF OTIS STREET, CHESTNUT AVENUE AND CALIFORNIA AVENUE, EXTENDED ACROSS THE TRACKS OF SAID SOUTHERN PACIFIC COMPANY IN SAID CITY OF SOUTH GATE.

Application No. 8948.

Decided November 26, 1923.

William Hazlett, City Attorney, and *Geo. L. Hampton*, for Applicant.
W. I. Gilbert, for Southern Pacific Company, Protestant.

BY THE COMMISSION.

OPINION.

This is an application by the city of South Gate for permission to construct three public streets across the track of Southern Pacific Company at Chestnut avenue, California avenue and Otis street, respectively.

A public hearing was held on this application in Los Angeles August 15, 1923, before Examiner Williams.

The city of South Gate, located immediately south of Huntington Park, extends a little more than three-fourths mile northerly and southerly and approximately two miles easterly and westerly. The Santa Ana branch of the Southern Pacific Company runs in an easterly and westerly direction approximately bisecting the city. Traffic on the railroad amounts to four passenger and eight freight trains ordinarily in a day. During the past two years this traffic has substantially increased so that the hazard incurred at a crossing of this road appears to be increased rather than decreased.

Adjacent to the railroad and paralleling it on each side there is a public street known as Independence avenue. Other east and west streets are spaced at approximately one thousand foot intervals. Northerly and southerly streets are spaced at approximately three hundred foot intervals.

There are at present only two public crossings constructed across the railroad within the city of South Gate, both of these being at grade and located respectively at Long Beach boulevard, near the westerly boundary of the city, and at State street, approximately in the center of the city. Long Beach boulevard is a through traffic artery extending from Los Angeles to Long Beach and carries a very heavy vehicular traffic. State street is the principal business street of South Gate.

In this proceeding three additional crossings over the Southern Pacific are requested as follows: At Chestnut avenue, which is in the

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western portion of the city; at California avenue, which is in the easterly portion of the city; and at Otis street, which is located near the extreme easterly corporate limit line of the city.

It appears that the crossing most urgently needed at the present time is that of Otis street and this crossing is desired primarily for two purposes. First, to make a suitable route across the railroad at the easterly end of the city over which the municipal busses may be routed, in order to advantageously provide local transportation in the city. The present route of these busses extends on and along Liberty boulevard, an easterly and westerly street located approximately one thousand feet north of the railroad, and on Lincoln boulevard, an easterly and westerly street located approximately one thousand feet south of the railroad. Instead of shuttling the busses on these two streets with a thirty-minute headway, it is proposed, with the opening of the Otis street crossings, to run the busses by a loop arrangement in each direction, increasing the service thereby to a fifteen-minute headway. The other purpose for which the Otis street crossing is desired is to give a more adequate access to the industrial district developing immediately east of the city in the unincorporated portion of the county of Los Angeles.

Otis street extends northerly from the railroad to the Downey road and connects thence through the communities of Bell and Maywood with Pasadena avenue. It extends south from the railroad for several miles and if constructed across the railroad could be used as a through continuous route connecting Pasadena with the beaches. At the point of the proposed crossing with the railroad, the track is about six feet above the natural ground surface. It would be entirely feasible to construct Otis street underneath the railroad at this point and the representatives of the city expressed the opinion at the hearing that this is the manner in which the crossing should be made. It was agreed that the city and Southern Pacific should jointly prepare a plan for constructing Otis street underneath the railroad. Such a plan has now been prepared and submitted to the Commission, together with an estimate of cost given at \$33,210, of which \$7,290 is for providing pavement, sidewalk, and curbs, leaving a cost of \$25,920 for the subway itself. This plan has been approved by the Commission's engineers with the exception of elevation of the sidewalks, which is a relatively minor detail.

Although there may be some question as to whether the local needs of the city of South Gate justify the expenditure of approximately \$25,000 for a subway at Otis avenue, it does appear that the through traffic route, of which Otis avenue, if constructed across the Southern Pacific, would be a part, would be of sufficient importance, even as a

secondary road, to clearly determine that a grade crossing should not be authorized.

If a subway is built at this location it would seem proper in this instance that the major portion of the cost of the structure should be borne by the city. The principal benefit accruing to the railroad would be the relief that it would receive from grade crossing hazards for such traffic as will use the subway if constructed but would in its absence move across the railroad at some other grade crossing. The city, however, in this case, receives the benefit of an entirely new artery of traffic to assist in its development and were a new grade crossing authorized would impose an entirely new and additional hazard on the railroad. It must be recognized that a railroad has a certain responsibility in not unduly hampering or restricting the growth of a community or the movement of highway traffic across its tracks. It therefore appears, in this case, that it would be equitable that one-quarter of the cost of structure (exclusive of paving) should be borne by the railroad and that the remainder of the cost of the structure, in addition to the cost of such roadway improvements as paving, sidewalks and curbs, as may be determined upon by the city, should be assessed to the municipality.

As to whether or not the city of South Gate, upon which the major portion of the financial burden will fall, will be sufficiently benefited to justify this cost, is a decision which, in this case, it seems proper to leave to the city of South Gate, and for that reason a permissive, rather than a mandatory order, will be made, authorizing the construction of a subway at Otis avenue.

The purpose of constructing California avenue across the railroad is to provide a crossing in the easterly part of the city at a point approximately midway between the business district and the easterly city limits. California avenue is a wide thoroughfare, extending for a considerable distance both north and south of the proposed crossing. At the point of crossing it is about five feet above the surrounding natural ground surface and it is at this point that there is a fifteen-foot trestle for drainage purposes under the track. The necessity of this trestle is problematical under present drainage conditions. The difference in elevation between the track and the adjacent portion of California avenue together with the presence of this trestle would make the installation of a grade crossing at this point not only somewhat expensive but at the same time unsatisfactory. There appears to be but little public necessity for the crossing of California avenue at the present time and certainly not sufficient need to justify the expenditure necessary to effect a separation of grades. Although the future may require the establishment of a crossing at this point, at the present time it should be denied without prejudice.

The crossing of Chestnut avenue is desired primarily to give the municipal bus system a suitable route across the railroad in the westerly portion of the city without making it necessary for the busses to go upon Long Beach boulevard and encounter the heavy traffic on that thoroughfare. The railroad indicated that it would not oppose a crossing of Chestnut avenue providing a certain private crossing located about eight hundred feet easterly thereof was closed. It appears, however, that the private crossing referred to serves an entirely different purpose than that which would be served by the crossing at Chestnut avenue and that furthermore the matter of closing the private crossing is entirely within the discretion of the railroad, regardless of the opening of any other street. The opening of Chestnut avenue across the tracks should therefore be considered entirely upon its own merits. Here, also, there is but little local necessity for a crossing other than for the specific purpose of serving the municipal bus service. On the other hand the crossing at this point could be made at a minimum of expense and would involve a minimum of hazard. The view is entirely unobstructed in all directions and the track is at approximately the same elevation as the adjacent portions of Chestnut avenue. Chestnut avenue itself is only a short street extending from Lincoln avenue about one thousand feet south of the railroad to Santa Ana avenue, about two thousand feet north of the railroad, and it crosses the railroad less than one-fourth mile from the crossing of Long Beach boulevard.

In accordance with the established policies of the Commission, it appears that in this case it would be better to concentrate all of the traffic in this portion of the city upon the principal crossing, Long Beach boulevard, and to provide adequate protection at this point. The application as to this crossing should, therefore, also be denied.

ORDER.

The city of South Gate having made application for permission to construct public highways across the track of Southern Pacific Company at Otis street, Chestnut avenue and California avenue in the city of South Gate, a public hearing having been held, the Commission being apprised of the facts, the matter being under submission and ready for decision;

It is hereby ordered, that the city of South Gate be and it is hereby granted permission to construct Otis street beneath the track of Southern Pacific Company in the location shown on the map marked Exhibit "A" attached to the application, said undergrade crossing to be constructed subject to the following conditions, viz:

(1) Design of the structure supporting the track over said Otis street shall be substantially in accordance with plan shown on Southern Pacific Company drawing MWD 4382, sheet 1, with the exception that

the sidewalks under said track shall be at an elevation of at least four feet above the adjacent roadway.

(2) Applicant shall, within thirty (30) days thereafter, notify this Commission, in writing, of the completion of the installation of said crossing.

(3) The authorization herein granted for the installation of said crossing will lapse and become void one year from the date of this order unless further time is granted by subsequent order.

It is hereby further ordered, that the cost of constructing said under-grade crossing of Otis street shall be borne as follows:

(a) Seventy-five (75) per cent of the cost of constructing the crossing, exclusive of the construction of pavement, sidewalks and curbs, shall be borne by the city of South Gate.

(b) Twenty-five (25) per cent of the cost of constructing the crossing, exclusive of the construction of pavement, sidewalks and curbs, shall be borne by Southern Pacific Company.

(c) The entire cost of constructing pavement, sidewalks and curbs shall be borne by the city of South Gate.

It is hereby further ordered, that the Commission reserves the right to make such further orders relative to the location, construction, operation and maintenance of said crossing as to it may seem right and proper, and to revoke its permission if in its judgment the public convenience and necessity demand such action.

It is hereby further ordered, that permission to construct Chestnut avenue and California avenue, respectively, across the track of Southern Pacific Company be and it is hereby denied without prejudice.

This order shall become effective ten (10) days after the making thereof.

Dated at San Francisco, California, this twenty-sixth day of November, 1923.

DECISION No. 12869.

IN THE MATTER OF THE APPLICATION OF W. M. SANFORD, WERT IRWIN AND J. M. MAURER, COPARTNERS, DOING BUSINESS UNDER THE FICTITIOUS NAME AND STYLE OF SHASTA TRANSIT COMPANY, AND THE SHASTA TRANSIT COMPANY, A CORPORATION, FOR AN ORDER (1) AUTHORIZING APPLICANT, SHASTA TRANSIT COMPANY, A CORPORATION, TO CARRY LOCAL PASSENGERS BETWEEN RED BLUFF AND REDDING; (2) AUTHORIZING W. M. SANFORD, WERT IRWIN AND J. M. MAURER, A COPARTNERSHIP, DOING BUSINESS UNDER THE FICTITIOUS NAME OF SHASTA TRANSIT COMPANY, TO SELL THE OPERATIVE RIGHTS, EQUIPMENT AND PROPERTIES TO THE SHASTA TRANSIT COMPANY, A CORPORATION; (3) AUTHORIZING THE SHASTA TRANSIT COMPANY, A CORPORATION, TO ISSUE STOCK THEREFOR, AND (4) AUTHORIZING SHASTA TRANSIT COM-

PANY, A CORPORATION, TO ISSUE AND SELL ONE HUNDRED SHARES OF ITS CAPITAL STOCK AT PAR.

Application No. 9319.

Decided November 26, 1923.

Harry A. Encell, for Applicant.

Dunn and Brand, by *Chauncey H. Dunn, Jr.*, for M. Bernardo, Protestant.

C. E. Spear, for Southern Pacific Company, Protestant.

BY THE COMMISSION.

OPINION.

This application, filed August 15, 1923, on behalf of the Shasta Transit Company, a copartnership, and the Shasta Transit Company, a corporation, seeks from this Commission:

(a) A certificate of public convenience and necessity on behalf of the Shasta Transit Company, a corporation, to carry local passengers between Red Bluff and Redding on its automobile stage line.

(b) An authorization for W. M. Sanford, Wert Irwin and J. M. Maurer, a copartnership, doing business under the fictitious name of Shasta Transit Company, to sell their operative rights, equipment and properties in the Shasta Transit Company, a copartnership, to the Shasta Transit Company, a corporation.

(c) A certificate authorizing the Shasta Transit Company, a corporation, to issue four hundred (400) shares of its capital stock, having a par value of one hundred dollars (\$100) per share, in payment for properties.

(d) To issue and sell one hundred (100) shares, at par, of the capital stock of the Shasta Transit Company, a corporation.

A hearing was held on the application before Examiner Geary at Sacramento, September 14, 1923, and the matter having been duly submitted, is now ready for an opinion and order. At the hearing the application was amended, withdrawing the request to sell 100 shares of the capital stock. The company since has requested the Commission to authorize it to issue four (4) shares of stock to its directors for qualifying purposes.

CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY FOR PASSENGER SERVICE BETWEEN RED BLUFF AND REDDING.

The operative rights held by the applicants to transfer were granted March 5, 1921, in Application No. 6391, Decision No. 8713, to W. M. Sanford, J. M. Maurer, F. Gouvenor and Wert Irwin, a copartnership. The certificate of public convenience and necessity authorized the operation of an automobile stage line as a common carrier of passengers between Sacramento and Redding via Davis, Woodland, Williams, Corning, Red Bluff and intermediate points, with a provision that no

local passengers would be carried between Sacramento-Woodland and between Red Bluff-Redding.

Under date July 8, 1922, Application No. 7527, Decision No. 10680, Frank Gouvenor was authorized to sell his interest in the copartnership to the three remaining partners, J. M. Maurer, Wert Irwin and W. M. Sanford, who are still the owners of the property and are making this application for authority to transfer their interests to the Shasta Transit Company, a corporation.

A complete outline of the organization of this service is contained in our decision in Applications Nos. 6391, 7367, 7527 and 9276, therefore will not be repeated in any extensive detail in this proceeding. It is sufficient, however, to refer to the fact that in Application No. 9276 M. Bernardo sought authority to operate a stage between Chico and Redding, which service would be a duplication, between Red Bluff and Redding, of the services herein sought to be conducted by the applicant in the instant proceeding. In Application No. 9276 we authorized M. Bernardo to operate a stage between Red Bluff and Chico only, based upon the fact that Bernardo had purchased a supposed right between those two points from a party named O. Patton, this latter party having operated under a transfer of rights purchased by the Shasta Transit Company, a copartnership, from the original operators, C. F. Crews and F. T. Morss, which transfer, however, was not authorized by this Commission.

The Shasta Transit Company, a corporation, was incorporated July 30, 1923, in and by virtue of the laws of the State of California. The directors of the corporation are Geo. H. Woods, W. M. Sanford, Wert Irwin and M. E. Shaves, each holding one share of stock, with a par value of \$100.

Auto stages have been in operation between Red Bluff and Redding since April, 1920. In the first instance the service was rendered by Crews and Morss under the fictitious name of the Chico-Redding Auto Stage Company, which organization transferred its rights to the Shasta Transit Company, a copartnership. The Shasta Transit Company, without having secured authority from this Commission, turned over a part of these operative rights, that part between Red Bluff and Chico, to one of its partners, J. M. Maurer; Maurer sold to O. Patton, who in turn transferred to Crews and Bernardo; Crews and Bernardo dissolved partnership, leaving control of this route between Red Bluff and Chico with M. Bernardo.

Through all of these transfers the Shasta Transit Company, a copartnership, retained possession of the line between Red Bluff and Redding, and after the retirement of Crews and Morss (Chico-Redding Auto Stage Company), operated the service until such service was discontinued, upon request of this Commission.

A number of witnesses testified to the effect that the Shasta Transit Company had rendered satisfactory service between Red Bluff and Redding; that there is a positive public convenience and necessity for an automobile passenger service between these points; that the public highway is, at many points, a substantial distance from the railroad stations; also that the train schedules are not sufficient to meet the local requirements or demands of the growing district.

Exhibits were filed showing train schedules, the number of passengers carried, etc. The granting of a certificate to the Shasta Transit Company would not be establishing any new service, but would simply make legal the operating rights secured by purchase from Crews and Morss.

We believe the equities in this situation clearly show that the Transit Company should be authorized to operate between Red Bluff and Redding and should cooperate with M. Bernardo, holding the right to operate between Red Bluff and Chico.

After giving consideration to all of the testimony and exhibits we are of the opinion and find that there is a public convenience and necessity for the operation of an automobile stage line by the Shasta Transit Company, a corporation, between Red Bluff and Redding, and that a certificate should issue.

AUTHORIZATION TO SELL AND TRANSFER.

It is proposed under the present proceeding to consolidate all of the claimed operating rights and all of the property now owned or held by the copartnership of W. M. Sanford, Wert Irwin and J. M. Maurer, doing business under the fictitious name of the Shasta Transit Company, to the Shasta Transit Company, a corporation. The corporation, as heretofore stated, was incorporated July 30, 1923, under the laws of the State of California.

The physical properties to be transferred, including \$3,000 for intangibles, have a claimed value of \$44,718, as per Exhibit No. 4, and an appraised inventoried value, without the intangibles, of \$40,250, as shown by Exhibit No. 5. The details of these property values will be fully explained in that part of this decision dealing with the issuing of stock of the new corporation.

No opposition to the proposed transfer developed at the hearing.

Upon the facts as presented, we are of the opinion that authority should be granted to W. M. Sanford, Wert Irwin, and J. M. Maurer, a copartnership under the name of the Shasta Transit Company, to transfer its operative rights and its property to the Shasta Transit Company, a corporation.

AUTHORIZATION OF THE SHASTA TRANSIT COMPANY, A CORPORATION, TO
SELL CAPITAL STOCK.

The articles of incorporation of Shasta Transit Company show it was organized with an authorized capital stock of \$100,000, divided into 1000 shares of the par value of \$100 each. The corporation now asks permission to issue and sell four shares of stock to its directors for qualifying purposes, also to issue and deliver 400 shares, of the aggregate par value of \$40,000, in payment for the properties, rights and business of Shasta Transit Company, a copartnership.

The assets and liabilities of the copartnership as of September 13, 1923, are reported as follows:

<i>Assets.</i>	
Equipment	\$48,500 00
Furniture and fixtures	1,700 00
Cash on hand	2,073 51
Notes receivable	1,600 00
Accounts receivable	2,688 57
Stock of other corporations	100 00
Prepaid insurance and taxes	555 76
Intangible	3,000 00
Total assets	\$60,217 84
<i>Liabilities.</i>	
Notes payable	\$6,949 42
Car contracts	8,482 00
Accounts payable	2,847 04
Total liabilities	\$18,278 46
Net worth	41,939 38
Total liabilities and net worth	\$60,217 84

Forty-eight thousand dollars represents the present value of the equipment as estimated by officers of applicant and not the cost of such equipment. The original cost of the equipment is reported at \$41,300, while the depreciation written off is reported at \$11,900, leaving a net cost of \$29,400 as compared with an estimated present value of \$48,500. We have considered the reported present value of the equipment, but do not believe that such value, irrespective of the cost of the equipment, should be used as a basis for an order authorizing the issue of stock. The order will permit the Shasta Transit Company to issue \$32,400 of common stock to acquire the properties described in this application and qualify its directors to assume the payment of indebtedness, not exceeding \$18,278.46.

In the application as originally filed, applicant asked permission to issue \$40,000 of stock in payment for properties and issue and sell \$10,000 of stock for cash. The request to issue the \$10,000 of stock was withdrawn at the hearing. It now intends to issue and sell only four shares of stock, such shares being issued to qualify directors. The

application, in so far as it relates to the issue of \$17,600 of stock, will be dismissed without prejudice.

ORDER.

This application having been duly heard and submitted by the parties, full investigation of the matters and things involved having been had, and the Commission having, on the date hereof, made its opinion thereon, which said opinion is hereby referred to and made a part hereof:

The Railroad Commission of the State of California hereby declares that public convenience and necessity require the operation by Shasta Transit Company, a corporation, of automobile passenger stage service as a common carrier of passengers locally between Red Bluff and Redding and intermediate points in California, in conjunction with and as a part of their automobile passenger stage service between Sacramento and Redding, California, subject to the following conditions:

Applicant herein shall file within a period not to exceed ten (10) days from date hereof his written acceptance of the certificate herein granted and shall file within a period not to exceed twenty (20) days from date hereof tariff of rates and time schedules to be in conformity with the exhibits attached to and made a part of the application, and applicant shall commence operation of the service herein authorized within a period not to exceed thirty (30) days from date hereof.

The rights and privileges herein granted shall not be discontinued, sold, leased, transferred nor assigned unless the written consent of the Railroad Commission to such discontinuance, sale, lease, transfer or assignment has first been secured.

No vehicle may be operated by applicant unless such vehicle is owned by him or leased by him under a contract or agreement on a basis satisfactory to the Railroad Commission.

It is hereby ordered, that W. M. Sanford, Wert Irwin and J. M. Maurer, a copartnership doing business under the fictitious name of Shasta Transit Company, be and they are hereby authorized to transfer to the Shasta Transit Company, a corporation, and the Shasta Transfer Company, a corporation, be and it is hereby authorized to acquire, and thereafter authorized to operate under the operative right secured by the said copartnership by Decision No. 8713, in Application No. 6391, dated March 5, 1921.

It is hereby further ordered, that Shasta Transit Company, a corporation, be and it is hereby authorized to issue, at not less than par, not exceeding \$32,400 of its common capital stock and to assume the payment of not exceeding \$18,278.46 of indebtedness.

The authority herein granted to issue stock and assume indebtedness is subject to the following conditions:

1. Of the stock herein authorized to be issued, four shares (\$400) shall be sold for cash at not less than par to the directors of the company and the proceeds used for working capital. The remainder of the stock, \$32,000, shall be issued and the payment of the indebtedness assumed by applicant in full payment for the properties, rights and business of the Shasta Transit Company, a copartnership.

2. The authority herein granted to issue stock and assume the payment of indebtedness as a consideration for the properties, rights and business of the Shasta Transit Company will become effective when applicant has paid the minimum fee prescribed by section 57 of the Public Utilities Act, which minimum fee amounts to \$25, and such authority will expire on February 28, 1924.

3. Shasta Transit Company shall keep such record of the issue, sale and delivery of the stock herein authorized and of the payment of the indebtedness which it is herein authorized to assume as will enable it to file, on or before the twenty-fifth day of each month, a verified report, as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

It is hereby further ordered, that this application, in so far as it relates to the issue and sale of \$17,600 of stock, be and it is hereby dismissed without prejudice.

Dated at San Francisco, California, this twenty-sixth day of November, 1923.

DECISION No. 12870.

IN THE MATTER OF THE APPLICATION OF OSCAR L. NOBLES FOR
PERMISSION AND AUTHORIZATION TO OPERATE A WATER
SYSTEM WITHIN CERTAIN TERRITORIAL LIMITS.

Application No. 9399.

Decided November 26, 1923.

Charles Newell Carns, for Applicant.

BY THE COMMISSION.

OPINION.

In the above entitled application Oscar L. Nobles asks authority to distribute and sell water for domestic purposes to the residents of a tract of land near Lankershim, more particularly described in Franchise No. 872 (new series) of the county of Los Angeles, which, together with a map upon which the territory is delineated, is attached to and made a part of the application.

A public hearing was held before Examiner Williams at Los Angeles after due notice thereof had been given so that all interested parties could be present and be heard.

The testimony shows that applicant owns and operates a pumping plant which was constructed primarily to supply water for the irrigation of his own land. As the plant develops more water than is needed for applicant's own use he now proposes to establish a public utility water system and supply water for domestic purposes to residents in the tract referred to, which consists of approximately 200 lots upon which are located sixty-two consumers.

Applicant is now charging a flat rate of \$1.50 per month and in his application suggests that the Commission establish a rate of \$2 for 1000 cubic feet of water, with a charge of 10 cents per 100 cubic feet for all use in excess of 1000 cubic feet.

There are no records available at the present time which will furnish the necessary information as to costs of operation, upon which a reasonable schedule of rates can be based. It will therefore be necessary to establish a schedule similar to those in use on other water systems in the vicinity where the costs of service are reasonably comparable.

No one appeared to protest the granting of the application, and there is no other utility supplying water in this immediate territory. It therefore appears that the application should be granted.

ORDER.

Oscar L. Nobles having made application to this Commission as entitled above, a public hearing having been held thereon, the matter having been submitted and being now ready for decision:

The Railroad Commission of the State of California hereby declares that public convenience and necessity require and will require that Oscar L. Nobles operate a water system for the purpose of supplying water for domestic use to consumers located on a tract of land near Lankershim, Los Angeles County, more particularly described in and under the terms and conditions of a certain franchise, No. 872 (new series), granted by the county of Los Angeles.

It is hereby ordered, that Oscar L. Nobles be and he is hereby authorized to file with this Commission within twenty (20) days from the date of this order the following schedule of rates to be charged for all water delivered to consumers subsequent to December 31, 1923:

Monthly Flat Rate Schedule.

For residence of five rooms or less.....	\$1 00
For each additional room over five.....	10
For each bath tub	25
For each toilet	25
For each garage and one automobile.....	25
For each additional automobile	15
For each barn with not more than one horse or cow.....	15
Sprinkling or irrigating lawns or gardens for each month during which water is used, per 100 square feet irrigated.....	05
Monthly minimum flat rate.....	1 50

All other use to be charged for at meter rates.

Meters may be installed upon any service at the option of either the utility or the consumer. If installed at the option of the utility the entire cost shall be borne by the utility. If installed at the request of the consumer the cost of meter and installation thereof shall be advanced by the consumer to the utility and the money so advanced shall be refunded to the depositor as credits on monthly bills for water furnished at the rate of fifty per cent (50%) of the total amount of such monthly bills.

Monthly Meter Rates.

For 500 cubic feet or less.....	\$1 25
From 500 to 1000 cubic feet, per 100 cubic feet.....	20
All in excess of 1000 cubic feet, per 100 cubic feet.....	10

Monthly Minimum Charges.

$\frac{3}{4}$ -inch meter	\$1 25
$\frac{1}{2}$ -inch meter	2 25
1 -inch meter	3 50
1 $\frac{1}{2}$ -inch meter	6 00
2 -inch meter	10 00

Each of the foregoing monthly minimum charges will entitle the consumer to that quantity of water which the monthly minimum charge will purchase at the foregoing "monthly meter rates."

It is hereby further ordered, that Oscar L. Nobles be and he is hereby directed to file with this Commission, within thirty (30) days from the date of this order, rules and regulations to govern relations with consumers, such rules and regulations to become effective upon their acceptance by the Commission.

Dated at San Francisco, California, this twenty-sixth day of November, 1923.

DECISION No. 12872.

IN THE MATTER OF THE INVESTIGATION BY THE COMMISSION ON ITS OWN MOTION INTO THE COMPLIANCE WITH THE REQUIREMENTS OF CHAPTER FOUR HUNDRED NINETY-NINE, STATUTES OF ONE THOUSAND NINE HUNDRED ELEVEN, AS AMENDED BY CHAPTER SIX HUNDRED, STATUTES OF ONE THOUSAND NINE HUNDRED FIFTEEN, BY ALL ELECTRIC, TELEPHONE, TELEGRAPH AND RAILROAD UTILITIES AND ALL OTHER PERSONS, FIRMS, CORPORATIONS AND MUNICIPALITIES, SUBJECT THERETO, OPERATING POWER AND/OR SIGNAL LINES IN THE STATE OF CALIFORNIA.

Case No. 1698.

Decided November 26, 1923.

BY THE COMMISSION.

SIXTY-FIFTH SUPPLEMENTAL ORDER.

LASSEN ELECTRIC COMPANY.

WHEREAS, The Railroad Commission is, by section 8 of chapter 499, Statutes of 1911, as amended by chapter 600, Statutes of 1915, vested with authority to grant additional time during which all overhead electric lines subject to the provisions of said act may be reconstructed

in accordance therewith, and is further charged with the duty of seeing that all of the provisions of said act are properly enforced; and

WHEREAS, The Railroad Commission has made an inspection of the overhead electric lines of Lassen Electric Company and has found a total of 637 infractions of said act, and certain other hazardous conditions which should be eliminated as shown in detail upon copies of field reports of the inspection which have been furnished Lassen Electric Company or its agents by this Commission; and

WHEREAS, The Railroad Commission is of the opinion that it is reasonably possible for Lassen Electric Company to remove said infractions and hazardous conditions and bring its entire system into compliance with said chapter 499, Statutes of 1911, as amended by chapter 600, Statutes of 1915, before September 1, 1924;

It is hereby ordered, that the time during which Lassen Electric Company may reconstruct its overhead electric lines to conform with the provisions of chapter 499, Statutes of 1911, as amended by chapter 600, Statutes of 1915, be and the same is hereby extended to September 1, 1924, provided that as to certain infractions listed as "technical, prior to October 22, 1911," upon copies of field reports heretofore referred to, such time is hereby extended until such infractions can be eliminated in the course of maintenance or construction work.

It is hereby further ordered, that before September 1, 1924, Lassen Electric Company complete the reconstruction of its overhead electric lines to eliminate all infractions of chapter 499, Statutes of 1911, as amended by chapter 600, Statutes of 1915, listed as "Hazardous or technical since October 22, 1911," upon copies of field reports heretofore referred to and all hazardous conditions similarly listed.

Dated at San Francisco, California, this twenty-sixth day of November, 1923.

DECISION No. 12873.

IN THE MATTER OF THE INVESTIGATION BY THE COMMISSION ON ITS OWN MOTION INTO THE COMPLIANCE WITH THE REQUIREMENTS OF CHAPTER FOUR HUNDRED NINETY-NINE, STATUTES OF ONE THOUSAND NINE HUNDRED ELEVEN, AS AMENDED BY CHAPTER SIX HUNDRED, STATUTES OF ONE THOUSAND NINE HUNDRED FIFTEEN, BY ALL ELECTRIC, TELEPHONE, TELEGRAPH AND RAILROAD UTILITIES AND ALL OTHER PERSONS, FIRMS, CORPORATIONS AND MUNICIPALITIES, SUBJECT THERETO, OPERATING POWER AND/OR SIGNAL LINES IN THE STATE OF CALIFORNIA.

Case No. 1698.

Decided November 26, 1923.

BY THE COMMISSION.

SIXTY-SIXTH SUPPLEMENTAL ORDER.

CALIFORNIA TELEPHONE AND LIGHT COMPANY.

WHEREAS, The Railroad Commission is, by section 8 of chapter 499, Statutes of 1911, as amended by chapter 600, Statutes of 1915, vested with authority to grant additional time during which all overhead electric lines subject to the provisions of said act may be reconstructed in accordance therewith, and is further charged with the duty of seeing that all of the provisions of said act are properly enforced; and

WHEREAS, The Railroad Commission has made an inspection of the overhead electric lines of California Telephone and Telegraph Company and has found a total of 11,472 infractions of said act, and certain other hazardous conditions which should be eliminated as shown in detail upon copies of the field reports of the inspection which have been furnished California Telephone and Light Company or its agents by this Commission; and

WHEREAS, The Railroad Commission is of the opinion that it is reasonably possible for California Telephone and Light Company to remove said infractions and hazardous conditions and bring its entire system into compliance with said chapter 499, Statutes of 1911, as amended by chapter 600, Statutes of 1915, before December 1, 1924;

It is hereby ordered, that the time during which California Telephone and Light Company may reconstruct its overhead electric lines to conform with the provisions of chapter 499, Statutes of 1911, as amended by chapter 600, Statutes of 1915, be and the same is hereby extended to December 1, 1924, provided that as to certain infractions listed as "technical, prior to October 22, 1911," upon copies of field reports heretofore referred to, such time is hereby extended until such infractions can be eliminated in the course of maintenance or construction work.

It is hereby further ordered, that before December 1, 1924, California Telephone and Light Company complete the reconstruction of its overhead electric lines to eliminate all infractions of chapter 499, Statutes of 1911, as amended by chapter 600, Statutes of 1915, listed as "Hazardous or technical since October 22, 1911," upon copies of field reports heretofore referred to and all hazardous conditions similarly listed.

Dated at San Francisco, California, this twenty-sixth day of November, 1923.

DECISION No. 12874.

IN THE MATTER OF THE INVESTIGATION BY THE COMMISSION ON ITS OWN MOTION INTO THE COMPLIANCE WITH THE REQUIREMENTS OF CHAPTER FOUR HUNDRED NINETY-NINE, STATUTES OF ONE THOUSAND NINE HUNDRED ELEVEN, AS AMENDED BY CHAPTER SIX HUNDRED, STATUTES OF ONE THOUSAND NINE HUNDRED FIFTEEN, BY ALL ELECTRIC, TELEPHONE, TELE-

GRAPH AND RAILROAD UTILITIES AND ALL OTHER PERSONS, FIRMS, CORPORATIONS AND MUNICIPALITIES, SUBJECT THERETO, OPERATING POWER AND/OR SIGNAL LINES IN THE STATE OF CALIFORNIA.

Case No. 1698.

Decided November 26, 1923.

BY THE COMMISSION.

SIXTY-SEVENTH SUPPLEMENTAL ORDER.

MIDLAND COUNTIES PUBLIC SERVICE CORPORATION.

Good cause appearing;

It is hereby ordered, that the third supplemental order of October 18, 1922, and the forty-second supplemental order of August 6, 1923, in the above entitled proceeding be and the same are hereby amended to read as follows:

It is hereby ordered, that the time during which Midland Counties Public Service Corporation may reconstruct its overhead electric lines to conform to the provisions of chapter 499, Statutes of 1911, as amended by chapter 600, Statutes of 1915, be and the same is hereby extended to February 1, 1924, provided that as to certain infractions listed as "technical, prior to October 22, 1911," upon copies of field reports heretofore referred to, such time is hereby extended until such infractions can be eliminated in the course of maintenance or construction work.

It is hereby further ordered, that before February 1, 1924, Midland Counties Public Service Corporation complete the reconstruction of its overhead electric lines to eliminate all infractions of chapter 499, Statutes of 1911, as amended by chapter 600, Statutes of 1915, listed as "Hazardous or technical since October 22, 1911," upon copies of the field reports heretofore referred to and all hazardous conditions similarly listed.

Dated at San Francisco, California, this twenty-sixth day of November, 1923.

DECISION No. 12876.

IN THE MATTER OF THE APPLICATION OF WESTERN UNION TELEGRAPH COMPANY, A CORPORATION, TO INCREASE CERTAIN RATES FOR THE TRANSMISSION OF INTRASTATE PRESS DISPATCHES.

Application No. 7133.

Decided November 28, 1923.

RATES—TELEGRAPH—INTRASTATE PRESS DISPATCHES.—Western Union Telegraph Company having applied for an order authorizing it to increase the rates and

tolls upon intrastate press dispatches in the same ratio or percentage authorized by the federal government in respect to commercial messages, averaging an increase of 20 to 30 per cent, the Commission holds that the increase that will result, if applicant's request is granted, will not be uniform, as the record shows that the proposed rates have been made effective in thirty-seven of the states only. Application is denied.

Beverly L. Hodghead, for Applicant.

H. W. Norton, for the San Francisco Newspaper Publishers Association, Los Angeles Publishers Association and the Oakland Publishers Association, Protestants.

H. J. McClatchy, for the Sacramento Newspaper Publishers Association, Protestants.

W. P. Lyon, for the Mercury-Herald of San Jose, Protestant.

George S. Squires, for the California Press Association, Protestant.

BY THE COMMISSION.

OPINION.

Western Union Telegraph Company, applicant in this proceeding, requests this Commission for an order authorizing it to increase the rates and tolls upon intrastate press dispatches in the same ratio or percentage as has been authorized and allowed by the federal government in respect to commercial messages and to establish rates for such intrastate press dispatches equal to one-third and one-sixth of the charge of commercial day and night press dispatches, respectively.

Hearings were held in this proceeding on January 5 and 21, February 2 and 9, 1922, before former Commissioner H. Stanley Benedict. On May 1 and 2, 1923, this proceeding was reopened for argument before the Commission *en banc*, at which later date the matter was submitted.

The federal government took over the control of telephone and telegraph utilities in the United States on August 1, 1918. On April 1, 1919, the Postmaster General issued an order increasing the rates and tolls upon all commercial messages transmitted by telephone and telegraph companies 20 per cent over the rates for similar messages in effect prior to that time. No increase of any amount was made in the rates for press dispatches. On July 31, 1919, the telephone and telegraph companies were released from federal control. On August 1, 1919, this Commission issued its General Order No. 56, continuing in effect all rates and charges which were established during federal control and in effect at midnight of July 31, 1919, for service rendered by the Western Union Telegraph Company between points within the State of California until changed by the Commission. Case No. 1355 was then instituted upon the Commission's own initiative to determine the reasonableness of such rates, rules and regulations. Decision No. 9180 in this case was issued on June 29, 1921, and found that the rates and charges and rules and regulations of the Western Union Telegraph Company for telegraph service rendered within the State of California were just and reasonable and the complaint was dismissed. The present rates for the Western Union Telegraph Company for the transmission of intrastate day and night press dispatches is one-third and one-sixth, respectively, of the additional word rate applying to the full commercial day

message in effect prior to July 31, 1919. Due to the different rates for different zones into which California is divided, the present effective rate for day press dispatches will vary from a minimum of two-thirds of a cent per word to one cent per word, and for night press dispatches from one-third of a cent per word to one-half cent per word.

Applicant in its petition asks that these charges for day and night press dispatches be increased and made equal to one-third and one-sixth, respectively, of that charge applicable to the same message computed at the present full commercial day rate. The increase of the proposed rates over those now in effect will vary both with the number of words and distance transmitted. The increase of an average press dispatch will vary in general from 20 to 30 per cent.

Counsel for petitioner in his presentation to the Commission called attention to the fact that the Interstate Commerce Commission has authorized for interstate press messages the same increase now sought for intrastate press messages; that in thirty-seven of the states similar increases for intrastate press business have been authorized by the state regulatory bodies and urged that in the interest of uniformity in rates, rather than in the interest of increased revenues, the same ratio of increase that was authorized for commercial messages should be authorized also for press dispatches. There was offered in evidence by applicant a statement of the operating receipts and expenditures for the nine months ending September 30, 1921, showing excess receipts over expenditures of \$1,828,994, covering intrastate and interstate business. A segregation of the receipts and expenditures shown in this statement is made between interstate and intrastate business showing a deficit from intrastate operations of \$2,302. It contains also an estimate, purporting to show that if the proposed press rates had been in effect during the nine-month period ending September 30, 1921, the additional revenues would have been \$5,181, and instead of the intrastate operations showing a deficit there would have been a net operating income of \$2,879.

In the Commission's Decision No. 9180, authorizing a continuance of the rate made effective during federal control, it is pointed out that the business of the Western Union Telegraph Company in California, being both interstate and intrastate in character, all of its facilities for conducting its business, its plant and property and working funds, are used jointly for both interstate and intrastate business, and only a portion of its revenues and expenses arise directly from its intrastate business and that the amounts so arising can be determined only by apportionment. The results shown in the exhibit previously referred to, both as to receipts and expenditures, and as to the value of plant and property devoted to intrastate business, are based upon the method of apportionment adopted by petitioner for the purposes of this pro-

ceeding in which Decision No. 9180 was issued. No showing was made in this proceeding that the proposed press rates are justified. The amount of press telegraph tolls is shown by applicant, but neither the expenses of handling press business nor the value of the plant devoted to its use, as distinguished from other classes of its service, has been shown.

It was urged by petitioner that the increase is desired primarily on the grounds of uniformity in rates, rather than for the purpose of the increase in revenue which will result. The applicant has made no attempt to show that the press rates, as compared with the rates for other classes of service, are unreasonable, or that the present spread of rates results in discrimination between the various classes of service. The increase which will result if applicant's request is granted will not be uniform, but will vary, depending upon the length of the message and the distance transmitted, and in many instances the increase will be considerably in excess of 20 per cent, the increase which was previously granted the Western Union Company by the federal government. If applicant's request was granted, the rates for press dispatches would not be uniform throughout the country, as the record shows that the proposed rates have been made effective in only thirty-seven of the states. It appears that applicant's request should be denied.

ORDER.

Western Union Telegraph Company, having made application requesting the Railroad Commission for an order authorizing it to increase the rates and tolls for press dispatches within the State of California equal to those as set forth in its Exhibit A, attached to this application and described in the opinion preceding this order, public hearings having been held, and the matter having been submitted and now ready for decision, the Railroad Commission of the State of California hereby finds as a fact that the increase in rates for press dispatches as requested is not justified.

Basing its order on the foregoing finding of fact and other findings contained in the opinion preceding this order;

It is hereby ordered, that the application of Western Union Telegraph Company for an increase in rates applicable to press dispatches be and the same is hereby denied.

Dated at San Francisco, California, this twenty-eighth day of November, 1923.

DECISION No. 12882.

IN THE MATTER OF THE APPLICATION OF H. T. HEMPSTEAD AND N. F. RAWLINGS, COPARTNERS, DOING BUSINESS UNDER THE FIRM NAME AND STYLE OF SAN FRANCISCO-OAKLAND-LOS ANGELES TRANSPORTATION COMPANY, FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY.

Application No. 7861.

Decided November 28, 1923.

Devlin and Brookman, for Applicants.

Clyde R. Burr, for Los Angeles Steamship Company, Protestant.

H. W. Kidd and F. W. Howell, for Motor Transit Company, Protestant.

N. C. Folsom, for Pickwick Stages, Northern Division, Protestant.

Henley C. Booth, F. B. Austin and J. E. Lyons, for Southern Pacific Company, Protestant.

Platt Kent and B. Levy, for Atchison, Topeka and Santa Fe Railway Company, Protestant.

Nutter, Hancock and Rutherford, by *John Hancock*, for California Transit Company and Valley Transit Company, Protestants.

A. L. Whittle, for San Francisco-Oakland Terminal Railways, Protestant.

P. J. Wilson, T. J. Applegate, D. R. Payne, W. W. Adams and T. J. McGinty, for Order of Railway Conductors, Protestant.

BY THE COMMISSION.

OPINION.

H. T. Hempstead and N. F. Rawlings, copartners proposing to do business under the firm name and style of San Francisco-Oakland-Los Angeles Transportation Company, have petitioned the Railroad Commission for an order declaring that public convenience and necessity require the operation by them of a through automobile transportation service between San Francisco, Oakland and Los Angeles via the so-called "Valley Route," no authority being requested for local service between San Francisco and Oakland, nor any service to or between points intermediate on such route between Oakland and Los Angeles.

Public hearings on this application were conducted by Examiner Handford at San Francisco and Los Angeles, the matter was duly submitted following briefs filed by counsel for protestants and is now ready for decision.

Applicants propose to operate on a schedule of two round trips, daily, leaving the terminals of San Francisco and Los Angeles at 7 a.m. and 4 p.m. and arriving at the opposite terminal at 11.30 p.m. and 8.30 a.m. The rate proposed is \$12 for the one-way fare. The equipment proposed to be used consists of touring cars, each of eight-passenger capacity and of the Packard and Pierce Arrow types. The route proposed is over the so-called "Valley Route" from San Francisco to Oakland via the Creek Route Ferry of the Southern Pacific Company; thence via the State Highway through Dublin Canyon, Altamont Pass, San Joaquin Valley, Ridge Route, through San Fernando Valley to Los Angeles.

Applicants rely as justification for the granting of the desired certificate upon the following alleged facts: That the service proposed is of an entirely new and different character than that now afforded to the public by any carrier operating through the proposed territory; that there is a public demand for the service which is not satisfied by any existing service and can not be satisfied by any existing service for the reason that the existing service does not afford the public the character of service or the conveniences proposed by applicants. Further allegations in support of the application, and which are relied upon as justification for the granting of the desired certificate, are the proposed through auto service without change; the elimination of present existing inconveniences to passengers by being required to personally handle their baggage at points of transfer; the use of a character of equipment more convenient and comfortable to the public demanding through auto service between the proposed points; and a rate less than the existing rates charged for transportation between the termini. Applicants further allege that the existing stage lines have heretofore failed to and are not now offering service adequate to the public or of the character necessary to meet the demands of the public desiring through service, and that the authorization of the proposed service will not to any consequential extent, if at all, prejudicially affect the business of existing stage lines.

Mr. N. F. Rawlings, one of the applicants, testified as to the type of equipment proposed to be operated and as to the method of the operation. This witness stated that it was proposed to operate service cars in connection with the regular passenger cars, such service cars to be operated by a mechanical expert and to carry such spare parts as would be necessary for the prompt repair of breakdowns or equipment failures, and that such repair cars would accompany passenger cars whenever three cars or more were dispatched on any one schedule. This witness further testified that he had personally made the trip over the route to ascertain that the schedule proposed was feasible and could be adhered to in regular operation without exceeding the legal speed restrictions. This witness estimates the operating cost to be 16 cents per car mile, such amount including taxes, depreciation and all items of expense.

Applicants presented forty-two witnesses who testified as to inquiries that had been made of them for stage service of the type proposed between San Francisco and Los Angeles. These witnesses, located in San Francisco and Los Angeles, were hotel clerks and employees, dispatchers and drivers of rent cars and taxicab companies. An analysis of the testimony of this large number of witnesses shows that inquiries have been made, and in greatest volume at Los Angeles, for through touring car service between the points proposed to be served. No definite testimony appears covering the reason for the frequent inquiries

which aggregate approximately forty per day. There was no evidence offered by applicants from witnesses who personally desired the character of service herein proposed, or having complaint as to the comfort, convenience, rates or service as rendered by the rail, steamer, or motor stage lines now operating.

The granting of the desired certificate is protested by the Los Angeles Steamship Company, the Southern Pacific Company, Motor Transit Company, Pickwick Stages, Northern Division; Valley Transit Company, California Transit Company, San Francisco-Oakland Terminal Railways, The Atchison, Topeka and Santa Fe Railway Company and the Order of Railway Conductors.

Protestants presented thirty-two witnesses who testified regarding the alleged demand of the public for through touring car service between San Francisco and Los Angeles as proposed by the applicants. These witnesses were connected with hotels, information bureaus, automobile livery and taxicab companies in both Los Angeles and San Francisco. But one witness, a hotel clerk in Oakland, had ever heard any request for such kind of service and testified that he had two such inquiries in a period of three months.

Witnesses for protestants testified as to the service, equipment and schedules now operated between Los Angeles and San Francisco. The present schedules of existing carriers offer the following service to the public:

	Rail Round trip	Motor Round trip
Southern Pacific Company via:		
Coast Line -----	4 daily, 1 Friday and Saturday	
San Joaquin Valley -----	4 daily	
Pickwick Stages, Northern Division, via:		
Coast Line -----		5 daily
Motor Transit Company-Valley Transit Company- California Transit Company via:		
Valley Line -----		5 daily

NOTE—Two round trips of Pickwick Stages, Northern Division, are through trips. One north-bound and two southbound trips of Motor Transit-Valley Transit-California Transit are through schedules.

A comparison of the rates as proposed by applicants with the rates of protesting carriers is as follows:

Applicant	One-way	Round trip No stopover, 30 day limit	Round trip Stopover en route, 60 day limit
Pickwick Stages, Northern Division-----	\$12 00		
Southern Pacific Company-----	12 85	\$20 50	\$22 50
Motor Transit-Valley Transit-California Transit-----	17 04	\$25 00	
	14 60	20 00	

*30 day limit—Oct. 1 to Nov. 30, 1922.

†30 day limit—Dec. 1, 1922, to March 31, 1923. Southern Pacific Company also has 15 day round-trip rate—good on going trip on Friday and Saturday only, between April 28 and Sept. 22, of \$19. Also a 4 months limit round-trip rate of \$30, on sale from Oct. 1, 1922, to March 31, 1923.

The time proposed by applicants consumes 16½ hours between terminals, that of the Southern Pacific Company varies from 13 to 24 hours.

that of the Pickwick Stages, Northern Division, on through schedules is 16 hours 20 minutes, and Motor Transit Company-Valley Transit Company-California Transit Company on through schedules is 16½ hours northbound and 16 hours 55 minutes southbound.

All the protestants claim adequate capacity and ability to satisfactorily handle all through passengers desiring transportation between Los Angeles and San Francisco. There appeared no contest as to the ability of the Southern Pacific Company and Los Angeles Steamship Company to so meet the public demand. Protestants, Pickwick Stages, Northern Division; California Transit Company, Motor Transit Company, and Valley Transit Company filed exhibits showing passengers carried and seats available on cars leaving terminals as follows:

Pickwick Stages, Northern Division:	Seats available	Passengers to or from—		
		San Francisco and Oakland	Other points	Vacant seats
North bound, July, 1921 -----	3,563	324	2,602	637
Oct., 1921 -----	3,447	151	1,958	1,338
Jan., 1922 -----	2,431	366	900	1,165
July, 1922 -----	4,184	811	2,328	1,045
South bound, July, 1921 -----	1,917	418	646	853
Oct., 1921 -----	2,141	274	494	1,373
Jan., 1922 -----	1,762	386	353	1,023
July, 1922 -----	2,423	910	682	831

California Transit Company:

North bound (between Merced and Oakland)—		Seats available	Vacant into Oakland
January, 1922 -----		6,034	1,233
February, 1922 -----		5,303	1,705
March, 1922 -----		6,343	2,425
April, 1922 -----		6,156	1,443
May, 1922 -----		5,720	1,861
June, 1922 -----		5,740	1,589
July, 1922 -----		6,164	2,285
August, 1922 -----		6,022	1,626

South bound (between Oakland and Merced)—		Seats available	Vacant into Merced
January, 1922 -----		4,099	1,069
February, 1922 -----		3,662	990
March, 1922 -----		4,171	2,059
April, 1922 -----		4,140	887
May, 1922 -----		4,195	1,008
June, 1922 -----		4,230	1,071
July, 1922 -----		4,905	3,548
August, 1922 -----		4,556	1,593

Valley Transit Company:

North bound—	Between Bakersfield and Fresno		Between Fresno and Merced	
	Seats available	Vacant	Seats available	Vacant
January, 1922 -----	3,120	1,514	4,059	1,295
April, 1922 -----	3,373	1,078	4,878	1,093
May, 1922 -----	3,446	1,427	5,880	1,531
June, 1922 -----	3,345	1,320	5,333	1,415
July, 1922 -----	3,690	1,242	5,610	1,246
August, 1922 -----	3,821	1,131	5,362	1,270

South bound—	Between Fresno and Bakersfield		Between Merced and Fresno	
	Seats available	Vacant	Seats available	Vacant
January, 1922 -----	3,145	1,584	3,749	1,792
April, 1922 -----	3,315	1,398	4,143	1,701
May, 1922 -----	3,388	1,574	4,899	2,591
June, 1922 -----	3,293	1,637	4,489	2,276
July, 1922 -----	3,560	1,637	4,950	2,261
August, 1922 -----	3,810	1,703	5,064	1,865

Motor Transit Company:

North bound (Los Angeles to Bakersfield)—

	Seats available	To Bakersfield	San Francisco, Oakland	Other points	Vacant
July, 1921 -----	3,406	2,045	120	712	539
October, 1921 -----	2,701	1,418	74	1,320	739
January, 1922 -----	2,807	1,312	379	471	648
April, 1922 -----	3,511	1,763	371	792	595
August, 1922 -----	4,148	2,169	226	1,101	652

South bound (Bakersfield to Los Angeles)—

	Seats available	From Bakersfield	From San Francisco, Oakland	From other points	Vacant
July, 1921 -----	3,819	1,936	54	754	675
October, 1921 -----	2,705	1,318	50	719	618
January, 1922 -----	2,307	1,052	127	325	753
April, 1922 -----	3,151	1,530	194	562	865
August, 1922 -----	3,613	1,730	129	962	792

From the exhibits filed by the protesting stage lines it appears that ample accommodations have been available for the public desiring such class of service between San Francisco and Los Angeles on the present schedules as operated.

There was no evidence presented substantiating the allegation of applicants that the transfer of passengers at intermediate points was objectionable to the traveling public or that any complaint existed as to the transfer or method of handling baggage. It appears that the transfer of passengers at intermediate points on the valley route is accomplished at Merced or Fresno and Bakersfield, where stops are made for meals, and that passengers merely transfer to another car of equivalent capacity and type without inconvenience. Through cars are operated on certain schedules of the Pickwick Stages, Northern Division, and no complaint was made as to inconvenience suffered by the public using such route. A system of baggage checking is now operative via the lines of the three companies comprising the valley route and through baggage is also cared for by the drivers and employees of the coast route; therefore no inconvenience to passengers appears to be present as arising from any necessity for personally caring for their baggage en route.

Witnesses for protestants testified as to the comfort and convenience afforded by the service now rendered by the present operative lines. Evidence was also received as to the development of the type of equipment on motor stage lines and the transition from cars of the touring type to the 11, 14, 18 and 21 passenger capacity stages as now operated and the satisfaction expressed by their patrons in the operation of the larger type of vehicle. Exhibits and testimony clearly show that more room is provided for passengers in the larger type of stages, particularly as to the spacing between seats, and the greater distance between seats on the stages affords more comfort for the passengers particularly on long distance operation.

The principal point remaining to be considered in this proceeding is the alleged desire of the traveling public, or any substantial portion of

same, for service by cars of a standard touring type as against the stage type which has been developed by the operating companies as a result of their several years experience in the handling of long distance traffic. The evidence is conflicting on this alleged demand. Witnesses employed by the same interests present sworn testimony which is conflicting, and those connected with information and travel bureaus—where it would appear that the traveling public would be most likely to make inquiry for a particular class of service—have never been asked for the class of service as herein proposed by applicants.

The operation of the class of equipment proposed by applicants, and considering the proposed operation of service cars, will require a much greater number of units to transport an equivalent number of passengers and would therefore add to road congestion. It is not clear that the service proposed is one that could be continued at the rates proposed and under the scheme of operation outlined by the applicants. It is proposed to operate through service only, no intermediate points between San Francisco, Oakland and Los Angeles being served. Figuring on a basis of a full capacity load of eight persons, the single-trip revenue would be \$96 per trip with an operating expense of 16 cents per car mile. Assuming the distance between Los Angeles and San Francisco to be 435 miles, the expense of operation per trip would be \$69.60, or a profit per single trip of \$26.40. It must be remembered that applicants propose to dispatch a service car to accompany each movement of three cars, or more, and on such basis the revenue for three cars, if fully loaded, would be \$288 per single trip, and the operating expense for four cars would be \$278.40, or a profit of \$9.60. We are not convinced that an expense of 16 cents per car mile is sufficient to care for all items of expense, including maintenance, taxes, overhead, station expense and a proper depreciation, and the testimony in this proceeding is not conclusive or supported by data which would justify the Commission in approving such estimated figure. Applicants proposed to finance a portion of the cost of equipment from the net earnings. This is not a sound or proper basis for the purchase of equipment, certainly not when the anticipated net earnings, on the most favorable basis to the applicant, are to be considered.

After careful consideration of all the evidence and exhibits filed herein, we do not find that the public convenience and necessity require the granting of the desired certificate. The public desiring through stage service between San Francisco and Los Angeles are offered ample facilities by the existing operative lines, and there has been no showing that such lines are not able and willing to furnish all necessary schedules and equipment to fully care for all traffic offering. There is no complaint from the public nor any direct evidence from any witness that service by a standard type of automobile is preferable to the use of the

equipment offered by the regularly authorized stage lines, such equipment representing the development from the smaller units and, from the testimony herein, being satisfactory to the traveling public.

ORDER.

Public hearings having been held in the above entitled proceeding, the matter having been duly submitted after the filing of briefs by protestants, and the Commission being now fully advised:

The Railroad Commission hereby declares that public convenience and necessity do not require the operation by H. T. Hempstead and N. F. Rawlings, copartners doing business under the firm name and style of San Francisco-Oakland-Los Angeles Transportation Company, of an automobile stage line as a common carrier of through passengers between San Francisco, Oakland and Los Angeles; and

It is hereby ordered, that this application be and the same hereby is denied.

Dated at San Francisco, California, this twenty-eighth day of November, 1923.

DECISION No. 12884.

IN THE MATTER OF THE APPLICATION OF HOWARD PARK COMPANY, A CORPORATION, TO SELL THE WATER WORKS, DISTRIBUTING SYSTEM AND OTHER PROPERTY OWNED BY IT, TO W. T. ESTEP, AND TO INCREASE THE RATES FOR THE SALE OF WATER FOR THE SAID WATER WORKS.

Application No. 9381.

Decided November 28, 1923.

Salzman and Kornblum, by *I. B. Kornblum*, for Applicants.

BY THE COMMISSION.

OPINION.

In this application the Howard Park Company, a corporation, asks authority to transfer to W. T. Estep a water system supplying consumers in certain designated tracts in Los Angeles County. The original application also included a request that the Commission increase the rates charged consumers for water furnished.

A public hearing in the matter was held at Los Angeles before Examiner Williams, due notice thereof having been given so that all interested parties might appear and be heard.

At the hearing applicants asked permission to amend the application by eliminating therefrom the request for an authorization for increased rates. The Commission was also asked for authority to issue a non-negotiable and noninterest-bearing promissory note for the sum of

\$6,850 in accordance with a certain agreement entered into by applicants and filed as Exhibit 4 in this proceeding.

The testimony shows that the Howard Park Company desires to withdraw from its public utility activities, which consist of supplying water for domestic purposes to the tracts designated in the application, which have a total area of 670 acres, and approximately 150 consumers at the present time. W. T. Estep, who is now engaged in operating several other public utility water plants, desires to take over and operate this system in connection with the others which he now owns, it being his intention later to incorporate and operate the combined properties as a single unit.

The agreement previously referred to, covering the sale of the water system, also provides for the transfer to Estep of live stock, a road-grading outfit, and other property. It also provides that applicant Estep is to perform certain work and furnish materials for the construction of sidewalks, curbs, streets, buildings, etc., the actual cost of which, plus 10 per cent, is to be credited upon his indebtedness of \$6,850.

At the hearing applicants stipulated that none of the provisions set out in the agreement placed any incumbrance upon this particular public utility property, but careful consideration of the document can result in nothing but serious doubts of this assertion, especially as regards the lots upon which the pumping plants and tanks are located.

The agreement covers not only the transfer of public utility property, but also includes property which is in no way useful in the operation of the public utility and would be used primarily in the improvement of the designated tracts to assist in the sale of real estate. There was no testimony presented to show what part of the total consideration of \$6,850 was for the public utility property and it is evident that under the proposed plan of operation there can be nothing but an interlocking of public and private enterprises which will undoubtedly result in confusion and will not work out for the best interests of the utility's consumers.

While no one appeared to oppose the granting of this application, the Commission believes it contrary to public policy to authorize the transfer of this public utility water system under the terms and conditions of the above mentioned agreement. If applicants desire, they may later file an amended application and agreement of sale which will provide solely for public utility property and operations to the exclusion of other activities in no way connected therewith. Such an application will receive due consideration by the Commission.

ORDER.

Application having been made to this Commission as entitled above, a public hearing having been held thereon, the matter having been sub-

mitted and the Commission being now fully informed in the matter;
It is hereby ordered, that the above entitled application be and the same is hereby denied, without prejudice.

Dated at San Francisco, California, this twenty-eighth day of November, 1923.

DECISION No. 12885.

IN THE MATTER OF THE INVESTIGATION OF THE ELECTRIC RATES,
SERVICE AND OPERATIONS OF COAST COUNTIES GAS AND ELECTRIC
COMPANY ON THE COMMISSION'S OWN MOTION.

Case No. 1851.

Decided November 28, 1923.

RATES—ELECTRIC UTILITY—GROSS AND NET RATES.—The Commission on request of the utility authorizes Coast Counties Gas and Electric Company to place in effect in the revised schedule of rates fixed by the Commission by a prior order gross and net rates, making a certain discount for prompt payment of bills.

BY THE COMMISSION.

SUPPLEMENTAL OPINION AND ORDER.

On October 27, 1923, this Commission made its Decision No. 12762 in the above entitled matter and established new and revised schedules of electric rates. Coast Counties Gas and Electric Company now urges that certain minor modifications be made in the schedules first established.

For a number of years this company has maintained schedules including gross and net rates, a higher rate known as the "gross rate" applying to bills which are not paid before a certain discount date. The rates established by the previous decision in this case do not embody this feature and it is urged by the company that its elimination will increase the cost of collections and that as consumers will no longer be encouraged to pay bills promptly, resort will have to be had to shut-off notices and dunning letters, with consequent impairment of friendly relations between the company and its consumers. This type of rate is in successful use in a number of localities in this state and elsewhere, and in view of its successful application on the system of Coast Counties Gas and Electric Company in the past, it appears that the company's request should be granted. Past experience has shown that so few bills are collected at the gross rate that the change will have practically no effect upon the company's revenue.

ORDER.

The Railroad Commission having, on October 27, 1923, made its order in Decision No. 12762 establishing just and reasonable rates to be

charged for electric service rendered by Coast Counties Gas and Electric Company, and good cause now appearing;

It is hereby ordered, that schedules L-1, L-2, L-4, C-1, C-2, P-1, P-2 and P-3, as set forth in Exhibit "A," attached to said Decision No. 12762, be and the same are hereby amended to read as the same schedules are shown to read in Exhibit "A" of this supplemental order, attached hereto, and made a part hereof. No other change is made in the order in Decision No. 12762 and the effective date of said order as hereby modified shall be the same as that of the original order, to wit, December 1, 1923.

Dated at San Francisco, California, this twenty-eighth day of November, 1923.

EXHIBIT "A."

Schedule L-1.

(Canceling Schedules A, B, C, E, K and Z.)

General Lighting Service.

Applicable to general domestic and commercial lighting service, including household appliances and single phase motors not exceeding 3 h.p. total capacity.

Territory.

Applicable to service in entire territory served within incorporated limits.

Rate.

First	10 k.w.h. or less per meter	\$1 00 per month
Next	40 k.w.h. per meter per month	07 per k.w.h.
Next	150 k.w.h. per meter per month	06 per k.w.h.
Next	800 k.w.h. per meter per month	05 per k.w.h.
All over	1000 k.w.h. per meter per month	04 per k.w.h.

Schedule L-2.

(Canceling Schedules A, B, C, E, K and Z.)

General Lighting Service.

Applicable to general domestic and commercial lighting service, including household appliances and single phase motors not exceeding 3 h.p. total capacity.

Territory.

Applicable to service in entire territory served, outside of incorporated limits.

Rate.

		Gross	Net
First	10 k.w.h. or less per meter	\$1 35	\$1 25 per month
Next	40 k.w.h. per meter per month	07½	07 per k.w.h.
Next	150 k.w.h. per meter per month	06½	06 per k.w.h.
Next	800 k.w.h. per meter per month	05	05 per k.w.h.
All over	1000 k.w.h. per meter per month	04	04 per k.w.h.

The net rate is effective if the bill is paid at the office on or before the fifteenth of the month next succeeding that for which the bill is rendered. If bill is not paid on or before the fifteenth the gross charge is effective.

Schedule L-4.

Electrolier Service.

Applicable to energy supplied to electrolier systems.

Territory.

Applicable to entire territory served by the company.

Rate.

First 75 k.w.h. per k.w. of lamp capacity per month----- 4 cents per k.w.h.
 All over 75 k.w.h. per k.w. of lamp capacity per month----- 2 cents per k.w.h.

Minimum Charge.

\$36 per year per k.w. of lamp capacity, but not less than \$10 per month at each point of delivery.

Special Conditions.

This rate covers only electrical energy delivered at one or more central points.

When the company owns all or any part of the electrolter and underground system, or furnishes maintenance, lamp renewals, or similar service, an extra charge, appropriate to the service rendered, will be made in addition to the charge for energy.

Schedule C-1.

(Canceling Schedules J and Z.)

General Heating and Cooking Service.

Applicable to general domestic and commercial heating, cooking, and/or water heating service.

Territory.

Entire territory served by the company.

Rate.

Heating, cooking and/or water heating service:

	Gross	Net
First 150 k.w.h. per meter per month-----	4.5 cents	4.0 cents per k.w.h.
All over 150 k.w.h. per meter per month-----	2.5 cents	2.5 cents per k.w.h.

Minimum Charge.

	Gross	Net
First 5 k.w. or less of connected capacity-----	\$3 30	\$3 00 per month
Over 5 k.w. of connected capacity per k.w.-----	75	75 per month

The net rate is effective if the bill is paid at the office on or before the fifteenth of the month next succeeding that for which the bill is rendered. If bill is not paid on or before the fifteenth, the gross charge is effective.

Special Conditions.

(a) Service will normally be 110/220 volt three wire single phase alternating current.

(b) Minimum charges are based on the total load which may be connected at any one time.

(c) Connected load will be taken as the name plate rating of all heating and cooking apparatus permanently installed and which may be connected at any one time computed to the nearest one-tenth of a kilowatt. All equipment assumed as operating at 100 per cent power factor.

(d) Single phase motors aggregating 5 h.p. or less may be combined with cooking or heating under this schedule, in which case each horsepower shall be considered equivalent to one kilowatt of connected load in determining the minimum charge.

Schedule C-2.

(Canceling Schedules J and Z.)

Combination Domestic Service.

Applicable to combination domestic lighting, heating, cooking and small power service.

Territory.

Entire territory served by the company.

Rate.

	Gross	Net
*First 30 k.w.h. per meter per month-----	†	†
Next 150 k.w.h. per meter per month-----	4.5 cents	4.0 cents per k.w.h.
All over 180 k.w.h. per meter per month-----	2.5 cents	2.5 cents per k.w.h.

*For residences, flats, or apartments of more than 8 rooms add 5 k.w.h. per additional room to the first block.

†Charge for first 30 k.w.h. of the effective lighting schedule.

Minimum Charge.

	Gross	Net
First 5 k.w. or less of connected capacity exclusive of lighting and lamp socket devices.....	\$3 30	\$3 00 per month
Over 5 k.w. of connected capacity exclusive of lighting and lamp socket devices.....	75	75 per k.w. per month

The net rate is effective if the bill is paid at the office on or before the fifteenth of the month next succeeding that for which the bill is rendered. If bill is not paid on or before the fifteenth, the gross charge is effective.

Special Conditions.

(a) Service will normally be 110/220 volt three wire single phase alternating current.

(b) Minimum charges are based on the total connected load, exclusive of lighting and lamp socket devices which may be connected at any one time.

(c) This rate applies only where a domestic consumer installs and uses appliances other than lamp socket devices of at least 2 k.w. capacity for residences, flats or apartments of eight rooms or less and 5 k.w. for residences, flats and apartments of nine rooms or more.

(d) Bathrooms, halls and cellars are not classified as rooms.

(e) Connected load will be taken as the name plate rating of all heating and cooking apparatus permanently installed and which may be connected at any one time, computed to the nearest one-tenth of a kilowatt. All equipment assumed as operating at 100 per cent power factor.

(f) Single phase motors aggregating 5 h.p. or less may be combined with cooking and heating under this schedule, in which case each horsepower of connected load shall be considered equivalent to one kilowatt of connected load in determining the minimum charge.

Schedule P-1.

(Canceling Schedules D-1, D-2, D-3, E and Z.)

General Power Service.

Applicable to general commercial and industrial power service, to commercial heating and cooking service and to rectifier service. For such service this schedule is optional with Schedule P-2.

Territory.

Entire territory served by the company.

Rate.	Rate per k.w.h. for monthly consumptions of				
	First 50 k.w.h. per h.p.	Next 50 k.w.h.	Next 150 k.w.h.	All over 250 k.w.h.	
	Gross	per h.p.	per h.p.	per h.p.	
	Net	Gross and net rate same			
Horsepower of connected load					
2- 9 h.p.	4.7 cents	4.5 cents	2.5 cents	1.5 cents	1.2 cents
10- 24 h.p.	4.4 cents	4.2 cents	2.3 cents	1.5 cents	1.2 cents
25- 49 h.p.	4.0 cents	3.8 cents	2.2 cents	1.4 cents	1.1 cents
50- 99 h.p.	3.5 cents	3.3 cents	2.1 cents	1.3 cents	1.0 cent
100-249 h.p.	2.9 cents	2.8 cents	2.0 cents	1.2 cents	.9 cent
250-499 h.p.	2.6 cents	2.5 cents	1.8 cents	1.1 cents	.8 cent
500 h.p. and over.....	2.3 cents	2.2 cents	1.6 cents	1.0 cent	.7 cent

Minimum Charge.

	Gross	Net
Minimum charge per h.p. of connected load.....	\$1 10	\$1 00 per month
But in no case shall the minimum charge be less than.....	2 20	2 00 per month

The net rate is effective if the bill is paid at the office on or before the fifteenth of the month next succeeding that for which the bill is rendered. If bill is not paid on or before the fifteenth, the gross charge is effective.

When the consumer signs a contract for service for a period of one year the minimum charges will be made accumulative for the service year. The minimum charges are payable in monthly installments until such time as the accumulative energy charges equal the annual minimum charge.

Special Conditions.

(a) **Voltage.** The above rates apply to service rendered at voltage of 110 and 220 volts under the provisions of Rule and Regulation No. 2.

(b) **Credit for Ownership of Transformers by Consumer.** The company will ordinarily install, own and maintain transformers, but where the consumer owns the transformers or receives energy at primary voltage there will be allowed an annual discount from both minimum and energy charges of \$1.75 per horsepower for the first 15 horsepower of connected load plus \$0.90 for each additional horsepower.

(c) *Measurement of Connected Load.* The connected load will be taken as the horsepower rating of the equipment used, which may at any one time be connected to the company's line, but in no case less than 2 horsepower.

(d) *Maximum Demand.* The above rates and minimum charges may, at the option of the consumer, be based on the horsepower of measured maximum demand instead of horsepower of connected load, in which case the demand on which the rates and minimum charges will be based will be not less than 50 per cent of the connected load, and the minimum bill will be not less than \$50 per month.

The maximum demand in any month will be the average horsepower input (746 watts equivalent) indicated or recorded by instruments to be supplied, owned and maintained by the company and at the company's expense, in the fifteen-minute interval in which the consumption of electric energy is more than in any other fifteen-minute interval in the month, or at the option of the company the maximum demand may be determined by test.

In case of the hoists, elevators, welding machines, furnaces and other installations where the energy demand is intermittent or subject to violent fluctuations, the company may base the consumer's maximum demand upon a five-minute interval instead of a fifteen-minute interval.

Demands for installations in excess of 250 horsepower of connected load occurring between the hours of 11 p.m. and 6 a.m. of the following day will not be considered in computing charges under this schedule.

(e) *Optional Rate for Larger Installations.* Any consumer may obtain the rates for a larger installation by guaranteeing the rates and minimum charges applicable to the larger installation.

(f) *Rectifier, Heating and Cooking Service.* Mercury arc rectifiers and commercial heating and cooking installations may obtain service under this schedule. For the purpose of determining rates and minimum charges, each kilowatt of connected load will be considered as equivalent to one horsepower.

Schedule P-2.

Intermittent Power Service.

Optional to Schedule P-1 and applicable especially to packing houses, canneries, and so forth, where the use of power is intermittent or seasonal.

Territory.

Entire territory served.

Rate.

Demand charge:	Gross	Net
First 10 h.p. of connected load.....	\$5 25	\$5 00 per h.p. per year
Each additional h.p.	3 65	3 50 per h.p. per year

Energy Charge.

The energy charges are the rates without the minimum charges set forth under Schedule P-1.

The total charge is the sum of the demand and energy charges.

The net rate is effective if the bill is paid at the office on or before the fifteenth of the month next succeeding that for which the bill is rendered. If bill is not paid on or before the fifteenth, the gross charge is effective.

Special Conditions.

The demand charge is payable in five equal monthly installments during the first five months of each service year.

Schedule P-3.

(Cancelling Schedules F, G, G-2, H, I, L, M and Z.)

Agricultural Power Service.

Applicable to general farm use, including domestic heating service but excluding domestic cooking and lighting service.

Territory.

Entire territory served by the company.

Rate.

Demand charge:	Gross	Net
First 5 h.p. of connected load.....	\$8 60	\$8 00 per h. p. per year
Next 45 h.p. of connected load.....	6 30	6 00 per h.p. per year
All over 50 h.p. of connected load.....	4 00	4 00 per h.p. per year

Energy charge:		Gross	Net
First	3,000 k.w.h. per year-----	2.1 cents	2.0 cents per k.w.h.
Next	27,000 k.w.h. per year-----	1.6 cents	1.5 cents per k.w.h.
	All over 30,000 k.w.h. per year-----	1.35 cents	1.25 cents per k.w.h.

Total Charge.

The total charge is the sum of the demand and energy charges.

The net rate is effective if the bill is paid at the office on or before the fifteenth of the month next succeeding that for which the bill is rendered. If bill is not paid on or before the fifteenth, the gross charge is effective.

Special Conditions.

(a) *Payment.* The demand charge is payable in six equal monthly installments with bills for energy used during the months of April to September, inclusive. The energy charge is payable monthly as energy is used.

(b) *Service Year.* All meters billed at this rate will be read by the company between March 20 and April 1 of each year and the charges will apply to service supplied between such readings of consecutive years.

(c) *Charges for Service Begun or Discontinued During the Service Year.* When the service is first begun or permanently discontinued during the service year the demand charge will be prorated according to the proportion of the six months season from April 1 to September 30 during which service is taken.

Adjustment for permanent increase or decrease in load will be made upon the same basis, considering the old load as discontinuing and the new load as beginning service.

Such adjustments apply only to the permanent discontinuance of service or to the beginning of new service and will not be made when installations shut down only for a few months or for the balance of a season.

(d) *Connected Load.* The above rates and annual charges will be based on the total horsepower rating of all equipment that may be connected to the line at any one time.

(e) *Credit for Service at Primary Voltage.* The company will ordinarily own and maintain any necessary line transformers and supply energy at secondary voltages in accordance with Rule and Regulation No. 2. When the consumer owns the transformers or otherwise accepts service at the primary voltage of the company's distribution lines, there will be allowed a discount from the annual charge of \$1.75 per horsepower for the first 15 horsepower of connected load plus \$0.90 for each additional horsepower.

(f) *Application of Schedule to Consumers on Former Schedule M.* The existing surcharge will not apply to bills based on meter readings taken on and after November 1, 1923.

The installment of the demand charge for the quarter ending December 31, 1923, will be payable as provided in Schedule M.

No demand charge will be payable for the quarter ending March 31, 1924.

For the purpose of calculating energy charges all agricultural years terminating after November 1 will be considered as extended to the beginning of the new service year described in Special Condition (b).

From the commencement of the new service year both demand and energy charges will apply as provided in this schedule.

(g) *Application of Schedule to Consumers Heretofore Billed on Agricultural Schedules Other Than Schedule M.* Consumers heretofore billed on agricultural schedules other than Schedule M will be transferred to this schedule with the first regular meter reading on or after November 1, 1923, and considered as new consumers under Special Condition (c).

DECISION No. 12889.

THE CITY OF SANTA MONICA, A MUNICIPAL CORPORATION,

vs.

SOUTHERN COUNTIES GAS COMPANY OF CALIFORNIA,
A CORPORATION.

Case No. 1867.

THE CITY OF VENICE, A MUNICIPAL CORPORATION,
vs.
SOUTHERN COUNTIES GAS COMPANY OF CALIFORNIA,
A CORPORATION.

Case No. 1932.

Decided November 30, 1923.

Chester L. Coffin, for City of Santa Monica.
Chas. W. Lyon, for City of Venice.
Milton Brion and *John J. Dillon*, for City of Los Angeles.
J. B. Griffin, City Manager of Venice.
LeRoy M. Edwards, for Southern Counties Gas Company.

BRUNDIGE, *Commissioner.*

OPINION.

This complaint of the city of Santa Monica, filed with the Railroad Commission on January 15, 1923, alleges that the rates previously fixed for the service of gas in that city by Southern Counties Gas Company were based upon costs which have subsequently been reduced and therefore that said rates are now excessive. It is further alleged that rates charged for gas within the city of Santa Monica are discriminatory in comparison with corresponding rates in other Los Angeles County communities. The complaint of the city of Venice is entirely similar to that of Santa Monica and was filed with the Commission on June 30, 1923, praying for a reduction of gas rates.

On June 19, 1923, the city of Los Angeles filed a petition as a party plaintiff to this proceeding, alleging that Southern Counties Gas Company also serves, under the same rate schedules as Santa Monica, certain nearby portions of the city of Los Angeles known as Sawtelle and Palms. It is alleged that these rates are adverse to the interests of citizens of these districts.

A hearing was held in this matter in Santa Monica on September 20, 1923, at which time evidence in the form of engineering reports was presented by the cities of Santa Monica and Los Angeles and by the gas company's rate engineer, A. F. Bridge. An analysis of operating revenues and expenses and rate of return of Southern Counties Gas Company in its Western District during the past several years was presented by the Commission's gas engineer, H. L. Masser, and assistant engineer, R. M. Bauer.

The Western District of Southern Counties Gas Company comprises the towns of Santa Monica, Venice, Playa del Rey, Sawtelle, Palms and Culver City. This territory is served with mixed gas of 850 B.t.u., being the same quality as is distributed in Los Angeles. Gas is purchased at wholesale from Southern California Gas Company, which has large transmission mains supplying Beverly Hills and other adjacent

districts to the east and south of the Santa Monica Bay area. Because of the large production of natural gas at this time, it is more economical to use this gas for the production of mixed gas at the large plants in Los Angeles and pipe the high quality mixed gas to Santa Monica, than to operate a relatively small local artificial gas manufacturing plant. The terms of the purchase contract provide for a price of $31\frac{1}{4}$ cents per 1000 cubic feet for mixed gas produced entirely from natural gas, and slightly higher prices if artificial oil gas is required. Attention has been directed to this purchase price with the view to obtaining a lower rate. An investigation has been made, by the Commission's engineers, of the operating costs of Southern California Gas Company in producing and supplying this mixed gas delivered to the Santa Monica Bay district. This investigation has shown that, based on operating costs, the contract price is not an unreasonable or unjust charge for the gas supplied. A material portion of the cost results from pumping expense in addition to the fixed charges on the generating plant and storage facilities involved.

The city of Santa Monica introduced certain evidence for the purpose of showing that natural gas could be transported from Signal Hill or Santa Fe Springs fields at costs materially less than the cost of mixed gas. A study of the city's exhibit shows that the estimates assumed the annual delivery of much more gas than the district would be able to consume, and further the computations provided for insufficient amortization allowances upon the hypothetical pipe lines considered. Investigation indicates that the existing pipe lines of Southern California Gas Company from Signal Hill have not sufficient surplus capacity throughout the year to meet the requirements of the Santa Monica Bay district, so a new and independent system would therefore be required. Revised computations indicate that the reasonable cost of natural gas delivered from Signal Hill to Santa Monica would vary from 25 cents to 30 cents per 1000 cubic feet, dependent upon the field purchase cost of compressed gas. The substitution, even at 25 cents per 1000 cubic feet, of natural gas of somewhat higher heating value for the present mixed gas would result in a reduction of volumetric gas sales and necessitate a higher price per 1000 cubic feet than for mixed gas sold under similar operating conditions. Considering the evidence in this case, it does not appear that there is justification at this time for the introduction of natural gas into the Santa Monica Bay district.

During the past three years, respondent has earned in its Western District an average rate of return somewhat in excess of a rate which would normally be fixed by the Commission. However, the earnings have recently declined rapidly, due to heavy investments made for new consumers, as is found by reference to capital accounts which showed an investment of \$63.60 per consumer in 1920, whereas for the year

ending June 30, 1924, the unit investment amounts to approximately \$100 per consumer. The following figures summarize operations for the year ending June 30, 1923, and show an earning of \$125,114 upon a rate base of approximately \$1,675,000, or a net return of about $7\frac{1}{2}$ per cent.

**Southern Counties Gas Company—Western District—Summary of Gas Operations,
Year Ending June 30, 1923.**

Average number of domestic consumers.....	17,908
Domestic gas sales.....	624,665 Mcf.
Industrial gas sales.....	10,291 Mcf.

Revenues.

Domestic and industrial gas sales and miscellaneous profits.....	\$647,888 33
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Expenses.

Direct operating charges.....	\$418,439 59
Taxes and uncollectible bills.....	63,364 82
Depreciation and amortization.....	40,969 83
Total operating expenses.....	\$522,774 24
Net for return.....	\$125,114 09

In the determination of the rate base for the year ending June 30, 1924, as used in this proceeding, it has been found that the reasonable investment based upon the Commission's previous Decision No. 5539, plus net operative additions and betterments, is \$2,048,500.14.

This complaint is due in a large measure to the wide disparity between the rate charged for gas in Santa Monica and those in adjacent communities. The present Santa Monica and Western District domestic rates are as follows:

Southern Counties Gas Company—Schedule 3-A—Western District.

First	2,000 cubic feet per meter per month.....	\$1 15 per Mcf.
Next	8,000 cubic feet per meter per month.....	95 per Mcf.
Next	15,000 cubic feet per meter per month.....	80 per Mcf.
Next	25,000 cubic feet per meter per month.....	70 per Mcf.
All over	50,000 cubic feet per meter per month.....	60 per Mcf.

In Beverly Hills and other outlying districts around Los Angeles, corresponding rates are materially lower. However, the districts receiving such favorable rates are in reality portions of the Los Angeles City District, as they are directly connected with the systems supplying the city, and the service is rendered by the same companies which serve Los Angeles, using their facilities jointly for the benefit of both communities.

From an analysis of past operations and evidence presented in this case, an estimate of the cost of service has been prepared for the year ending June 30, 1924. This evidence indicates that a reduction to the smaller domestic consumer is justifiable. However, the present form of the domestic schedule does not appear to advantageously meet the present conditions of the Western District. The following schedule of

domestic rates is designed to so apportion the burden of expense that the smaller domestic consumers will realize an appreciable saving while the reduction is relatively less for the larger consumers.

I submit the following form of order:

ORDER.

Complaint having been duly filed with the Railroad Commission by the cities of Santa Monica and Venice and joined in by the city of Los Angeles, alleging that the rates charged by Southern Counties Gas Company of California in its Western District are unjust and discriminatory, a public hearing having been held and the matter having been submitted and being now ready for decision based upon the evidence of the tentative valuation used herein, in lieu of a new valuation now being prepared by the Commission, the Railroad Commission hereby finds as a fact that the rates now being charged by Southern Counties Gas Company in its Western District, in so far as they differ from the rates herein established, are not just and reasonable rates for the sale of gas for domestic and commercial purposes.

Basing its order upon the foregoing findings of fact contained in the opinion which precedes this order;

It is hereby ordered, that Schedule No. 3-A of Southern Counties Gas Company for the sale of gas in its Western District for domestic and commercial purposes be revised as set forth below, and be made effective for all regular meter readings taken on and after the thirty-first day of December, 1923.

Schedule No. 3-A—Western District.

General Service.

Applicable to domestic and commercial service for lighting, heating and cooking, including restaurants, apartment houses, hotels, hospitals, sanitarla, business buildings of all kinds, schools and churches.

Territory.

Applicable to Western District, including Santa Monica, Palms, Venice, Ocean Park, Culver City, Sawtelle and adjacent territory.

Rate.

First	5,000 cubic feet per meter per month	\$1 00 per Mcf.
Next	5,000 cubic feet per meter per month	95 per Mcf.
Next	15,000 cubic feet per meter per month	80 per Mcf.
Next	25,000 cubic feet per meter per month	70 per Mcf.
All over	50,000 cubic feet per meter per month	60 per Mcf.

Minimum Charge.

\$1 per meter per month.

Special Conditions.

Consumers served under this schedule have priority in the use of gas over consumers served under Schedules No. 3-B, No. 3-C, No. 3-D and No. 3-E, at times when there is insufficient gas to supply the demands of all consumers.

It is hereby further ordered, that Southern Counties Gas Company file with the Railroad Commission on or before the thirty-first day of December, 1923, schedule of rates above set forth.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this thirtieth day of November, 1923.

DECISION No. 12893.

IN THE MATTER OF THE INVESTIGATION ON THE COMMISSION'S OWN MOTION REGARDING THE ADEQUACY OF TELEPHONE SERVICE RENDERED BY SOUTHWESTERN HOME TELEPHONE COMPANY IN THE TOWN OF MURRIETTA, RIVERSIDE COUNTY, CALIFORNIA.

Case No. 1953.

Decided December 1, 1923.

Earl D. Finch, for Southwestern Home Telephone Company.
M. M. Winslow and *S. E. Provolt*, for California Farm Bureau.
Hugo Guenther, for Murrietta Hot Springs.
J. L. Adams, for The Pacific Telephone and Telegraph Company.

BY THE COMMISSION.

OPINION.

This is a proceeding instituted by the Commission upon its own motion requiring the Southwestern Home Telephone Company to show cause why it should not establish an exchange and render telephone service in the town of Murrietta and adjacent territory, and to charge for such service the rates now in effect for similar service in other places served by Southwestern Home Telephone Company. A public hearing was held in this matter before Examiner Williams in the town of Murrietta on November 1, 1923.

Murrietta is a town of approximately 200 inhabitants, located approximately 11 miles south of the town of Elsinore. At present, the only telephone service available in Murrietta is a toll station operated by the Southwestern Home Telephone Company in conjunction with the toll lines of The Pacific Telephone and Telegraph Company. The Commission's investigation shows that there are approximately 25 subscribers now desiring service. The Southwestern Home Telephone Company stipulated, at the hearing, that there did exist a demand for telephone service in Murrietta and that it is willing to establish an exchange at Murrietta under such rates as the Commission might fix in this proceeding.

Southwestern Home Telephone Company stated that although it believed the rates for Murrietta service should be fixed to give it an 8 per cent return upon the investment of the plant required to render service in Murrietta, yet it believed that such rates would be so high that the development which should logically result would not be

obtained. In view of this, the company further stated that it would be willing to submit a schedule based upon the Elsinore rates, as previously suggested by the Commission, with the exception of that rate applicable to eight-party service within Block 1. These rates appear to this Commission to be reasonable and the order following will provide that they be made effective for the exchange service to be rendered at Murrietta.

It was brought out at the hearing that Southwestern Home Telephone Company had made certain tentative propositions to the people of Murrietta, quoting them certain rates somewhat lower than the rates now being charged for service in Elsinore. If, at any time in the future, Southwestern Home Telephone Company believes that it can better serve the community by the establishment of lower rates than those set forth in the order following, the company may file such rates with the Railroad Commission.

ORDER.

The Railroad Commission having instituted a proceeding on its own motion requiring Southwestern Home Telephone Company to show cause why it should not establish an exchange and render telephone service in the town of Murrietta and adjacent territory, and charge for said service the rates now in effect for similar service in other places served by Southwestern Home Telephone Company; a public hearing having been held; the matter having been submitted and now ready for decision:

The Railroad Commission hereby finds as a fact that there is a demand for telephone service in the town of Murrietta; that the Southwestern Home Telephone Company should establish an exchange at that place and charge for said service the rates as herein set forth, which are the rates for similar service now in effect in other places served by Southwestern Home Telephone Company.

Basing its order on the foregoing finding of fact and the findings of fact set forth in the opinion preceding this order;

It is hereby ordered, that Southwestern Home Telephone Company shall

- (1) Establish a magneto exchange in the town of Murrietta.
- (2) Commence work on the establishment of the exchange in the town of Murrietta within thirty (30) days from the date of this order.
- (3) Notify this Commission within thirty-five (35) days of the date of this order, relative to its compliance with the order in section (2) above.
- (4) Be in a position to render telephone service, covered by the rates hereinafter set forth, to applicants for service, within ninety (90) days of the date of this order.

(5) Notify this Commission within five (5) days after being ready to render service, as required under section (4) above.

(6) Charge and collect the following rates for service rendered in the town of Murrietta and adjacent territory:

	Monthly charge for wall sets, per station	
	Business service	Residence service
(a) <i>Exchange Service.</i> Rate:		
Block 1—		
Individual line -----	\$3 50	\$2 75
Four-party line -----	3 00	2 25
Block 2—		
Eight-party line -----	3 00	2 25

(b) *Pay Stations.* Local service from pay stations, 5 cents per call.

(c) *Mileage.* The above individual line rates are based on a distance of one-half mile from the central office. Rates for individual line service beyond a distance of one-half mile from the central office shall be the individual line rate plus a mileage charge of 50 cents for each one-quarter mile or fraction thereof per month. Distances are air line and not circuit mileage, measured from the nearest point on the one-half mile circle.

Rates for four-party line service in Block 2 will be the rates for that service in Block 1, plus a mileage charge of 25 cents for each one-quarter mile or fraction thereof per month per station. Distances are air line and not circuit mileage, measured from the nearest point of the boundary of Block 1.

(d) *Discounts.*

Allowed on gross rates (if paid before the 10th in advance)-----	\$0 25
If paid quarterly in advance (before the 10th, the first month of the quarter, January, April, July and October)-----	1 00
If paid annually in advance-----	4 50

(e) *Auxiliary Apparatus.*

Desk telephones, per month additional-----	25 net
Extension desk telephone, per month-----	1 00 net
Extension wall telephone, per month-----	75 net
Extension bell, per month-----	25 net
Insertion in directory—Extra Insertion of names in directory of members of same firm or family, per month-----	35 net
Second party use of telephone, in same place of business, per month-----	1 00 net

(7) Establish exchange boundaries as set forth in its Exhibit No. 3.

(8) File with the Commission the above rates and charges and maps showing the exchange boundaries, as required by General Order No. 68, within thirty (30) days of the date of this order.

Dated at San Francisco, California, this first day of December, 1923.

DECISION No. 12894.

IN THE MATTER OF THE APPLICATION OF GLENDALE AND MONTROSE RAILWAY FOR PERMISSION TO DISPOSE OF RIGHT OF WAY UNDER SECTION FIFTY-ONE OF THE PUBLIC UTILITIES ACT.

Application No. 9515.

Decided December 1, 1923.

BY THE COMMISSION.

ORDER.

Glendale and Montrose Railway, a corporation, having on November 9, 1923, filed with the Commission an application for permission to

deliver a grant deed for its right of way on Canada boulevard between San Gabriel avenue and Glorietta street in the city of Glendale, as hereinafter described, to the lawfully constituted authorities of the city of Glendale and to accept in lieu thereof a franchise to be sold or granted by the city of Glendale, which franchise can be operated for a period of twenty-five (25) years, and it appearing to the Commission that this is not a case in which a public hearing is necessary; that the council of the city of Glendale has declared its intention to offer for sale in the manner prescribed by law and by the charter of the city of Glendale, a franchise to operate an electric railway over the property hereinafter described, providing said property be deeded to and accepted by the city of Glendale for public street purposes and that this application should be granted subject to the conditions hereinafter specified;

It is hereby ordered, that permission be and it is hereby granted Glendale and Montrose Railway to transfer by recordation and delivery of a grant deed to the lawfully constituted authorities of the city of Glendale, county of Los Angeles, State of California, that portion of its right of way described as follows:

A strip of land in the City of Glendale, County of Los Angeles, State of California, thirty feet wide, being that portion of the Teodoro Verdugo and Catalina Verdugo 2629.10-acre allotment in the portion of the Rancho San Rafael, as per District Court Case No. 1621, in the County of Los Angeles, State of California, bounded as follows:

Beginning at a point S. 87° 57' E. 30.06 feet along the easterly prolongation of the southerly line of Lot 1, Block 38, of Selvas de Verdugo, Sheets 11 and 12, as shown on Map recorded in Book 54, pages 88 and 89 of Maps, Records of said County, from the southeast corner of said Lot 1, Block 38; thence N. 1° 24' W. 752.10 feet, along a line which is parallel with and thirty feet easterly from the easterly lines of Blocks 38, 37 and 36, of said Selvas de Verdugo to the beginning of a curve, concave to the east, and having a radius of 521.50 feet; thence northerly along said curve, which is tangent to the last mentioned course, a distance of 218.14 feet to the end of said curve; thence N. 22° 34' E. tangent to said curve, a distance of 703.69 feet to the beginning of a curve, a concave to the west, and having a radius of 588.80 feet; thence northerly along said last mentioned curve, which is tangent to the last mentioned course, a distance of 135.64 feet; to a point of compound curve, a radial line at said last mentioned point bearing N. 80° 32' 56" W.; thence northerly along a curve, concave to the west, having a radius of 565.00 feet, and tangent to the last described curve, a distance of 29.96 feet to a point, a radial line from said last mentioned point bearing N. 83° 29' 00" W.; thence N. 89° 04' E. 30.24 feet to a point on a curve concave to the west; having a radius of 615.00 feet, the bearing of a radial line to said last mentioned curve, at said last mentioned point, being N. 83° 50' 54" W.; thence southerly along said last mentioned curve, a distance of 35.42 feet to a point of compound curve, a radial line at said last mentioned point being N. 80° 32' 56" W.; thence southerly along a curve, concave to the west, having a radius of 618.80 feet, and tangent to the last described curve, a distance of 141.65 feet to the end of said last mentioned curve; thence S. 22° 34' W. tangent to said last mentioned curve, a distance of 703.69 feet to the beginning of a curve, concave to the east, and having a radius of 491.50 feet; thence southerly along said last mentioned curve which is tangent to the last mentioned course, a distance of 205.59 feet, to the end of said last mentioned curve, and being a point in a line which is parallel with and thirty feet westerly from the westerly lines of Blocks 43, 33 and 32 of the aforesaid Selvas de Verdugo; thence S. 1° 24' E. along said last mentioned parallel line, which is tangent to the last described curve, a distance of 753.90 feet to the westerly prolongation of the southerly line of said

Block 32; thence N. 87° 57' W. 30.06 feet to the point of beginning for public street and highway purposes.

All of the above as shown by the map marked Exhibit 5 attached to the application, subject to the following conditions:

(1) The value of the right of way granted to the city of Glendale shall not hereafter be used before the Commission or any public body as a measure of value of said franchise for the purpose of fixing rates or any purpose other than the transfer herein permitted.

(2) The applicant shall immediately enter its bid for said franchise when same has been properly offered by the lawfully constituted authorities of the city of Glendale.

(3) The applicant shall make application to this Commission for permission to exercise the rights granted under such franchise.

(4) The authorization herein granted is to become effective the date thereof and will apply only to such property as may be transferred on or before March 1, 1924.

Dated at San Francisco, California, this first day of December, 1923.

DECISION No. 12895.

IN THE MATTER OF THE APPLICATION OF THE CENTRAL MENDOCINO COUNTY POWER COMPANY FOR AN ORDER AUTHORIZING THE ISSUE OF STOCK AND BONDS.

Application No. 7999.

Decided December 1, 1923.

BY THE COMMISSION.

THIRD SUPPLEMENTAL ORDER.

The Railroad Commission by Decision No. 11542, dated January 23, 1923, as amended, authorized Central Mendocino County Power Company, among other things, to issue and sell \$100,000 of common stock, \$75,000 of 7 per cent cumulative preferred stock, and \$100,000 of bonds.

The authority granted by the Commission was subject, among others, to the condition that \$70,000 of the proceeds received from the sale of the stock and bonds, should be used for the following purposes:

To construct an electric transmission line from Willits to Potter Valley, approximately -----	\$25,000 00
To construct the Dutch Flat dam, approximately -----	25,000 00
To construct a transmission main from the new dam to Willits and to pay for the installation of additional services, approximately -----	20,000 00

The company has filed a statement with the Commission showing that the electric transmission line cost \$33,778.52. The company has suspended work on the dam and has done no work other than preliminary surveys on the pipe line. The company asks the Commission to make

an order amending its former decision so as to permit the company to use \$70,000 of the proceeds to pay the cost of constructing the electric transmission line, the Dutch Flat dam and the transmission main, and additional services without directly apportioning the amounts to be expended for each class of construction work.

The Commission has given consideration to applicant's request and believes that it should be granted as herein provided; therefore

It is hereby ordered, that the order in Decision No. 11542, dated January 23, 1923, as amended, be and it is hereby further modified so as to permit Central Mendocino County Power Company to use not exceeding \$70,000 of the proceeds received from the sale of the stock and bonds authorized by the order in said decision to pay the cost of constructing the electric transmission line from Willits to Potter Valley, of constructing the Dutch Flat Dam and of constructing the transmission main from the new dam to Willits and of paying for the installation of additional services.

It is hereby further ordered, that the order in Decision No. 11542, dated January 23, 1923, as amended, shall remain in full force and effect, except as modified by this third supplemental order.

Dated at San Francisco, California, this first day of December, 1923.

DECISION No. 12896.

IN THE MATTER OF THE INVESTIGATION BY THE COMMISSION ON ITS OWN MOTION INTO THE COMPLIANCE WITH THE REQUIREMENTS OF CHAPTER FOUR HUNDRED NINETY-NINE, STATUTES OF ONE THOUSAND NINE HUNDRED ELEVEN, AS AMENDED BY CHAPTER SIX HUNDRED, STATUTES OF ONE THOUSAND NINE HUNDRED FIFTEEN, BY ALL ELECTRIC, TELEPHONE, TELEGRAPH AND RAILROAD UTILITIES AND ALL OTHER PERSONS, FIRMS, CORPORATIONS AND MUNICIPALITIES, SUBJECT THERETO, OPERATING POWER AND/OR SIGNAL LINES IN THE STATE OF CALIFORNIA.

Case No. 1698.

Decided December 1, 1923.

BY THE COMMISSION.

SIXTY-EIGHTH SUPPLEMENTAL ORDER.

CITY OF LOYALTON.

WHEREAS, The Railroad Commission is by section 8 of chapter 499, Statutes of 1911, as amended by chapter 600, Statutes of 1915, vested with authority to grant additional time during which all overhead electric lines subject to the provisions of said act may be reconstructed in accordance therewith, and is further charged with the duty of seeing that all of the provisions of said act are properly enforced; and

WHEREAS, The Railroad Commission has made an inspection of the overhead electric lines of city of Loyalton and has found a total of 413 infractions of said act, and certain other hazardous conditions which should be eliminated as shown in detail upon copies of the field reports of the inspection which have been furnished city of Loyalton or its agents by this Commission; and

WHEREAS, The Railroad Commission is of the opinion that it is reasonably possible for city of Loyalton to remove said infractions and hazardous conditions and bring its entire system into compliance with said chapter 499, Statutes of 1911, as amended by chapter 600, Statutes of 1915, before September 1, 1924;

It is hereby ordered, that the time during which city of Loyalton may reconstruct its overhead electric lines to conform with the provisions of chapter 499, Statutes of 1911, as amended by chapter 600, Statutes of 1915, be and the same is hereby extended to September 1, 1924, provided that as to certain infractions listed as "technical, prior to October 22, 1911," upon copies of field reports heretofore referred to, such time is hereby extended until such infractions can be eliminated in the course of maintenance or construction work.

It is hereby further ordered, that before September 1, 1924, city of Loyalton complete the reconstruction of its overhead electric lines to eliminate all infractions of chapter 499, Statutes of 1911, as amended by chapter 600, Statutes of 1915, listed as "Hazardous or technical since October 22, 1911," upon copies of field reports heretofore referred to and all hazardous conditions similarly listed.

Dated at San Francisco, California, this first day of December, 1923.

DECISION No. 12900.

IN THE MATTER OF THE APPLICATION OF THE EASTMONT WATER
COMPANY FOR AN ORDER ESTABLISHING A RATE FOR THE USE
OF WATER.

Application No. 9427.

Decided December 4, 1923.

Jerome H. Kann, for Applicant.
G. L. Ogle, for Consumers.

BY THE COMMISSION.

OPINION.

In the above entitled application Eastmont Water Company, a corporation, asks for authority to distribute and sell water for domestic purposes to the residents of that portion of Los Angeles County known as the Eastmont tract, located near Belvedere. The Commission is also asked to establish rates to be charged for the service rendered.

A public hearing in this matter was held before Examiner Williams at Los Angeles, after due notice thereof had been given so that all interested parties might appear and be heard.

The testimony indicates that in 1922 the Eastmont tract was subdivided into residence lots and a complete water system installed to aid in their sale. At the present time water is served free of charge to approximately 300 consumers, and it is the desire of applicant to carry on the business as a public utility and make charges for water delivered.

The application contains a schedule of rates which it is desired to put into effect, but it was stipulated at the hearing that a full return upon the investment was not now desired, and that revenues sufficient to cover maintenance and operation expenses would be satisfactory. Applicant also expressed a willingness to accept a rate schedule similar to that of the Belvedere Water Company, which distributes and sells water in adjoining territory and operates under practically similar conditions.

The testimony submitted by some of the consumers on the system indicates that inadequate service has been rendered in some instances and that the quality of the water supplied is not all that could be desired. A systematic blowing out of the mains to clear them of sediment and a thorough cleaning and treating of the old oil tank used for storage purposes would undoubtedly remove many of the causes of complaint. A relocation of the present distribution mains so as to give a direct line from the storage tank to the service area and the installation of additional pipes to connect dead ends and promote better circulation of the water would also improve conditions. Applicant stated that any changes in this system necessary to provide adequate service would be made.

No other utility is supplying water in this territory, and no one appeared to protest the issuance of a certificate of public convenience and necessity. It therefore appears that the application should be granted.

ORDER.

Eastmont Water Company, a corporation, having made application to this Commission as entitled above, a public hearing having been held thereon, the matter having been submitted, and the Commission being now fully informed in the matter:

The Railroad Commission of the State of California hereby declares that public convenience and necessity require and will require that Eastmont Water Company, a corporation, operate a water system to supply water for domestic purposes in the tract of land known as Eastmont tract, in Los Angeles County, more particularly described as follows:

Beginning at the northerly corner of Tract No. 5445 as shown on map recorded in Book 59, pages 69 and 70 of Maps, records of Los Angeles County, thence southwesterly along the northwesterly line of said tract to the northwesterly corner of Lot 76 thereof; thence easterly in a direct line to the northeasterly corner of Lot 102 of Tract No. 5438, as shown on map recorded in Book 65, page 26 of Maps, records of said county; thence easterly parallel with the northerly line of Whittier Boulevard as shown on said last mentioned map to the southwesterly boundary of the City of Montebello, as the same existed on March 29, 1923; thence northwesterly along said southwesterly boundary and along the northeasterly line of above mentioned Tract No. 5445 to the point of beginning.

It is hereby ordered, that Eastmont Water Company, a corporation, be and the same is hereby authorized to file with this Commission within twenty (20) days from the date hereof the following schedule of rates to be charged for all water delivered to consumers subsequent to December 31, 1923:

Monthly Meter Rates.

From 0 to 500 cubic feet, per 100 cubic feet.....	\$0 20
From 500 to 1000 cubic feet, per 100 cubic feet.....	15
From 1000 to 5000 cubic feet, per 100 cubic feet.....	12
Over 5000 cubic feet, per 100 cubic feet.....	06

Monthly Minimum Payments.

For service $\frac{3}{4}$ -inch diameter or less.....	\$1 00
For service 1 -inch diameter.....	1 25
For service $1\frac{1}{2}$ -inch diameter.....	1 75
For service 2 -inch diameter.....	2 25

NOTE.—Each of the foregoing monthly minimum payments will entitle the consumer to that quantity of water which the monthly minimum payment will purchase at the foregoing "monthly meter rates."

Public Use.

For street sprinkling or sewer flushing, per 100 cubic feet.....	\$0 06
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Meters may be installed at the option of the consumer or the utility. When installed at the option of the utility the entire cost of the meter and installation shall be borne by the utility. When installed at the option of the consumer a deposit may be required, such deposit to be returned to the consumer as a credit on monthly bills for water consumed at the rate of 1/20 of the deposit. The following deposits may be required:

For $\frac{3}{4}$ -inch meter	\$15 00
For $\frac{1}{2}$ -inch meter	20 00
For 1 -inch meter	25 00
For $1\frac{1}{2}$ -inch meter	45 00
For 2 -inch meter	70 00

Monthly Flat Rates.

For residence of five rooms or less.....	\$1 00
For each additional room	10
For each bath tub	25
For each toilet	25
For each garage and one automobile.....	25
For each additional automobile	15
For each barn with not more than one horse or cow.....	15
Sprinkling or irrigation of lawns or gardens, for each month for which water is used, per 100 square feet irrigated.....	05
Monthly minimum flat rate.....	1 50

It is hereby further ordered, that the collection of the rates set out in the foregoing schedule after March 1, 1924, is expressly conditioned

upon the installation by Eastmont Water Company, Incorporated, prior to the last mentioned date, of such facilities or the performance by it of such other work as may be required to furnish to all consumers an adequate supply of clear potable water.

It is hereby further ordered, that Eastmont Water Company, Incorporated, be and the same is hereby directed to file with this Commission within thirty (30) days from the date of this order rules and regulations to govern relations with consumers, such rules and regulations to become effective upon their acceptance by this Commission.

Dated at San Francisco, California, this fourth day of December, 1923.

DECISION No. 12901.

IN THE MATTER OF THE APPLICATION OF J. W. MINGES FOR AN ORDER PERMITTING HIM TO SELL THE J. W. MINGES WATER PLANT AT BOYES SPRINGS TO N. M. PETERSON.

Application No. 9537.

Decided December 4, 1923.

J. W. Minges, in propria persona.
N. M. Peterson, in propria persona.

BY THE COMMISSION.

ORDER.

J. W. Minges has applied to the Railroad Commission for permission to sell his public utility water plant at Boyes Springs to N. M. Peterson, who has joined in the application. A public hearing has been held before Examiner Fankhauser. The properties which will be transferred consist of a lot, known as the "tank lot," and about 2400 feet of pipe, including mains now in the ground. N. M. Peterson has agreed to pay for the properties the sum of \$1,100, payable on or before seven years from date, with the privilege of paying all or any part of it any time, with interest at the rate of 4 per cent per annum, payable semiannually in advance. The pumphouse and other portions of the water plant owned and operated by J. W. Minges were destroyed by fire. N. M. Peterson, who owns the Mountain Avenue Water Works and the Sonoma Highlands Water Works which adjoin the Minges plant, has a sufficient supply of water available so that he can furnish those connected with the Minges system without rebuilding the pumping plant.

He plans to connect his water systems with that which he intends to acquire from J. W. Minges. N. M. Peterson is ready and willing to serve all consumers formerly connected with the J. W. Minges water plant or system. The Commission having considered applicant's

request and being of the opinion that this application should be granted;

It is hereby ordered, that J. W. Minges be and he is hereby authorized to sell to N. M. Peterson, who is hereby authorized to purchase the water properties known as the J. W. Minges Water Plant at Boyes Springs described in this application, for the sum of \$1,100, said sum to be payable on or before seven years from date with interest at the rate of 4 per cent per annum, payable semiannually in advance, and issue a note or other evidence of indebtedness for the amount due on the purchase price.

The authority herein granted is subject to the following conditions:

1. The consideration being paid for the properties by N. M. Peterson shall not be urged before this Commission as a measure of the value of the properties for the purpose of fixing rates.

2. The authority herein granted will become effective when N. M. Peterson has paid the minimum fee prescribed by section 57 of the Public Utilities Act, which fee is \$25.

Dated at San Francisco, California, this fourth day of December, 1923.

DECISION No. 12902.

IN THE MATTER OF THE APPLICATION OF LAKE TAHOE RAILWAY
AND TRANSPORTATION COMPANY FOR AN ORDER PERMITTING
THE RENEWAL OF OUTSTANDING NOTES.

Application No. 5115 (Supplemental).

Decided December 4, 1923.

C. T. Bliss, for Applicant.

BY THE COMMISSION.

SECOND SUPPLEMENTAL ORDER.

Lake Tahoe Railway and Transportation Company having asked permission to issue one-day 6 per cent notes in the principal sum of \$50,000 for the purpose of renewing the \$50,000 of notes issued pursuant to the authority granted by this Commission in Decision No. 6876, dated November 28, 1919, a public hearing having been held before Examiner Fankhauser and it appearing that said notes will not constitute a lien on any of the corporation's properties, that the payment of the notes will be secured by a guarantee signed by all the stockholders of Lake Tahoe Railway and Transportation Company or by said stockholders endorsing said notes and that the money, property or labor to be procured or paid for by the issue of the \$50,000 of notes is reasonably required by applicant, and the Railroad Commis-

sion being of the opinion that the request of applicant should be granted; now, therefore,

It is hereby ordered, that Lake Tahoe Railway and Transportation Company be and it is hereby authorized to issue on or before March 1, 1924, to Union Trust Company of San Francisco, its one-day 6 per cent notes in the aggregate sum of \$50,000 for the purpose of refunding the notes referred to in the supplemental petition in the above entitled application filed on November 19, 1923, provided said notes are issued so as to net applicant not less than the face value thereof, and provided further that Lake Tahoe Railway and Transportation Company keep such record of the issue and sale of the notes herein authorized and of the disposition of the proceeds as will enable it to file on or before the twenty-fifth day of each month a verified report as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

Dated at San Francisco, California, this fourth day of December, 1923.

DECISION No. 12903.

IN THE MATTER OF THE APPLICATION OF SOUTHERN CALIFORNIA EDISON COMPANY, A CORPORATION, FOR AUTHORITY TO MAKE, EXECUTE AND DELIVER A TRUST INDENTURE COVERING ALL OF ITS PROPERTIES OF EVERY KIND AND CHARACTER WHATSOEVER, TO SECURE A BONDED INDEBTEDNESS ALREADY AUTHORIZED AND TO BE HEREAFTER AUTHORIZED AND TO ISSUE AND SELL TWELVE MILLION FIVE HUNDRED THOUSAND DOLLARS FACE VALUE OF BONDS TO BE ISSUED UNDER AND SECURED BY SAID TRUST INDENTURE.

Application No. 9466.

Decided December 4, 1923.

BY THE COMMISSION.

SECOND SUPPLEMENTAL ORDER.

Southern California Edison Company by Decision No. 12747, dated October 24, 1923, as amended, was authorized to issue and sell \$12,500,000 of refunding mortgage 6 per cent twenty-year gold bonds. The order of the Commission permits the company to use \$11,600,000 of the proceeds obtained from the sale of such bonds to pay notes listed in applicant's Exhibit No. 5, and to use the remainder of the proceeds to reimburse its treasury on account of earnings expended for additions and betterments.

In a supplemental petition filed in this proceeding on November 18, 1923, the company reports that it does not at this time desire to pay \$200,000 of the notes appearing on Exhibit No. 5 for the reason that such notes are not due until June 5, 1924. It asks the Commission to

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modify its former order so as to permit it to use \$11,400,000 of the proceeds authorized from the sale of its bonds to pay indebtedness and to use the remainder of the proceeds to reimburse its treasury on account of earnings expended for additions and betterments.

The Commission has given consideration to applicant's request and believes it should be granted as herein provided; therefore

It is hereby ordered, that the order in Decision No. 12747, dated October 24, 1923, be and it is hereby modified so as to permit Southern California Edison Company to use \$11,400,000 of the proceeds obtained from the sale of the bonds authorized by the order in that decision to pay in part the notes listed in Exhibit No. 5 and to use the remainder of the proceeds obtained from the sale of such bonds to reimburse its treasury on account of earnings expended for additions and betterments.

It is hereby further ordered, that the order in Decision No. 12747, dated October 24, 1923, as amended, shall remain in full force and effect, except as modified by this second supplemental order.

Dated at San Francisco, California, this fourth day of December, 1923.

DECISION No. 12905.

IN THE MATTER OF THE APPLICATION OF COAST COUNTIES GAS AND ELECTRIC COMPANY, A CORPORATION, FOR AN ORDER OF THE RAILROAD COMMISSION AUTHORIZING SAID COMPANY TO ISSUE AND SELL ONE THOUSAND EIGHTY-EIGHT AND ONE-HALF SHARES OF ITS FIRST PREFERRED CAPITAL STOCK AT NOT LESS THAN EIGHTY-SIX PER CENT OF THE PAR VALUE THEREOF.

Application No. 9527.

Decided December 6, 1923.

Leo. H. Susman, for Applicant.

BY THE COMMISSION.

OPINION.

In this application Coast Counties Gas and Electric Company asks permission to issue and sell 1088½ shares of its first preferred capital stock of the aggregate par value of \$108,850. The company asks permission to sell its stock at \$86 a share and to use of the proceeds an amount not exceeding \$5 per share of stock sold, to pay selling expenses, and use the remainder to reimburse its treasury on account of earnings invested in additions and betterments.

Coast Counties Gas and Electric Company has an authorized capital stock of \$4,000,000, divided into 40,000 shares of the par value of \$100 each and consisting of \$1,000,000 of first preferred stock, \$1,000,000 of

original preferred stock and \$2,000,000 of common stock. The first preferred stock is entitled to cumulative dividends at the rate of 6 per cent per annum on the par value thereof before any dividends are paid on the original preferred stock. The original preferred stock is entitled to cumulative dividends at the rate of 6 per cent per annum on the par value thereof after cumulative dividends on the first preferred stock have been paid and before any dividends are paid on the common stock. The common stock is entitled to dividends after cumulative dividends have been paid on the first preferred and original preferred stock. The company has paid 6 per cent dividends on its first preferred stock during the five previous fiscal years. On the original preferred stock it paid 1 per cent dividend in 1918; none in 1919 or 1920; 2 per cent in 1921 and 3 per cent in 1922. During the past five years no dividend was paid on common stock.

As of September 30, 1923, applicant reports that \$1,000,000 of common stock and \$1,000,000 of original preferred are outstanding and that all but \$108,850 of the first preferred was issued or had been authorized to be issued. As of the same date applicant's bonded indebtedness was reported at \$1,488,600, consisting of \$810,000 of Coast Counties Light and Power Company 5 per cent bonds due 1946, \$261,000 of Big Creek Light and Power Company 4 per cent bonds due 1947, \$137,000 of San Benito Light and Power Company 6 per cent bonds due 1950, \$234,600 of Contra Costa Gas Company 6 per cent bonds due 1954, and \$46,000 of 6 per cent debentures due 1924.

Applicant now asks permission to issue and sell all of its first preferred stock, the issue of which has not heretofore been authorized by the Commission. It reports that prior to January 1, 1923, it expended \$377,456.87 for extensions, additions and betterments for which it has not been reimbursed with proceeds received from the sale of stock or bonds. Since December 31, 1922, and prior to September 30, 1923, it is reported that \$252,443.80 has been expended for additions and betterments. The expenditures made prior to January 1, 1923, have been reported in some detail in former applications to the Commission. The expenditures of \$252,443.80 made since December 31, 1922, are described in Exhibit "B," attached to the present application, and are as follows:

Electric Department—

Intangible capital	\$63 40
Landed capital	23 07
Production capital	19,729 80
Transmission capital	13,098 42
Distribution capital	130,481 74
General capital	3,546 78
Total capital electric department.....	\$166,943 21

Gas Department—

Intangible capital	\$315 00
Landed capital	478 68
Production capital	49,572 74
Transmission capital	5,477 20
Distribution capital	32,940 37
General capital	216 04
<hr/>	
Total capital gas department	89,000 03
<hr/>	
Total	\$255,943 24
Less retirements from fixed capital installed prior to January 1, 1913,	3,499 44
<hr/>	
Total expenditures reported in Exhibit "B"	\$252,443 80
Capital expenditures reported in previous applications against which no stock or bonds have been issued	377,456 87
<hr/>	
Total	\$629,900 67

The present application involves the permanent financing of a portion of the cost of additions and betterments installed on or before September 30, 1923.

ORDER.

Coast Counties Gas and Electric Company, having applied to the Railroad Commission for permission to issue \$108,850 of stock, a public hearing having been held before Examiner Fankhauser, and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for by such issue is reasonably required for the purpose specified in this order and that the expenditures for such purpose are not in whole or in part reasonably chargeable to operating expense or to income;

It is hereby ordered, that Coast Counties Gas and Electric Company be and it is hereby authorized to issue and sell 1088½ shares of its first preferred stock of the aggregate par value of \$108,850.

The authority herein granted is subject to the following conditions:

1. Applicant shall sell the stock herein authorized at not less than \$86 per share. It may use of the proceeds, if necessary, an amount not exceeding \$5 per share of stock sold to pay commissions and expenses incident to the sale of the stock. The remaining proceeds, and such portion of the \$5 per share not needed for commissions and other expenses, shall be used to reimburse applicant's treasury on account of earnings expended for additions and betterments, and through such reimbursement permanently finance in part the cost of the additions and betterments referred to in the foregoing opinion.

2. Applicant shall keep such record of the issue, sale and delivery of the stock herein authorized and of the disposition of the proceeds as will enable it to file, on or before the twenty-fifth day of each month, a verified report as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

3. The authority herein granted to issue stock will become effective upon the date of this order and will expire on November 30, 1924.

Dated at San Francisco, California, this sixth day of December, 1923.

DECISION No. 12906.

IN THE MATTER OF THE INVESTIGATION ON THE COMMISSION'S OWN MOTION INTO THE TRANSPORTATION SERVICES OF THE SOUTHERN PACIFIC COMPANY AND THE SAN FRANCISCO-OAKLAND TERMINAL RAILWAYS BETWEEN THE CITIES OF OAKLAND AND ALAMEDA, AND BETWEEN THE CITIES OF OAKLAND AND SAN FRANCISCO VIA ALAMEDA PIER.

Case No. 1911.

Decided December 7, 1923.

Guy V. Shoup and *E. J. Foulds*, for the Southern Pacific Company.
Herbert W. Clark, for San Francisco-Oakland Terminal Railways.
Leon E. Gray, for the City of Oakland.
William J. Locke, for the City of Alameda.
Harrison F. Robinson and *G. A. Bahler*, for the Chamber of Commerce of the City of Oakland.

WHITTLESEY, *Commissioner*.

OPINION.

Hearing was held in the above entitled matter by the Commission in the City Hall, Oakland, on May 22, 1923, and the following facts were established:

The War Department, by appropriate order dated October 30, 1916, required Southern Pacific Company to alter the Harrison street bridge across the estuary between Oakland and Alameda to comply with certain specifications of the department, the work to be completed within two years. This order was modified June 7, 1918, again on March 3, 1921, and a final order made June 4, 1923, requires the company to alter or remove this bridge by December 31, 1923.

Southern Pacific Company operates across the Harrison street bridge a suburban service between Fourteenth street, Oakland, and the Alameda pier, also a street car service from the Sixteenth street station, Oakland, into Alameda. Statements submitted by the company show substantial operating losses on both of these lines for several years.

The estimated minimum cost of a bridge to replace the existing Harrison street bridge and to comply with the specifications of the War Department is \$550,000.

The franchise under which Southern Pacific Company now operates its cars on Webster street, forming part of both of the above mentioned lines, expires on March 6, 1930.

The service on the Fourteenth street-Alameda pier-suburban line to San Francisco is a duplication of that service furnished via the Seventh

street line and the Eighteenth street line to the Oakland pier. The public in this area is also served by the Twelfth street line of the San Francisco-Oakland Terminal Railways. The cross-town line from Oakland to Alameda is also duplicated by service maintained through this territory by the San Francisco-Oakland Terminal Railways.

It is plain from the above undisputed facts that there is at present an economic waste in the maintenance of these lines by Southern Pacific Company and that further capital expenditure for a new bridge to permit continued operation over the estuary can not be justified.

I herewith submit the following form of order:

ORDER.

Public hearing having been had herein, the Railroad Commission being fully informed in the premises and the matter being now ready for decision;

It is hereby ordered, that the above entitled case be and the same is hereby submitted; and

It is hereby declared, that public convenience and necessity do not require the continued operation of the Fourteenth street-Alameda pier-suburban service or the cross-town Oakland-Alameda line now maintained by Southern Pacific Company; and

It is hereby ordered, that Southern Pacific Company may cease the operation of the above lines on or after December 27, 1923, that Southern Pacific Company secure from the city of Alameda and the city of Oakland the necessary authority, if any be required, to relinquish franchises under which these lines are now being operated.

It is hereby further ordered, that as to the San Francisco-Oakland Terminal Railways the matter be and the same is hereby dismissed.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this seventh day of December, 1923.

DECISION No. 12909.

IN THE MATTER OF THE APPLICATION OF SOUTHERN CALIFORNIA
GAS COMPANY FOR AN ORDER AUTHORIZING THE ISSUE AND
SALE OF BONDS.

Application No. 9111.

Decided December 7, 1923.

BY THE COMMISSION.

SIXTH SUPPLEMENTAL ORDER.

The Railroad Commission by Decision No. 12215, dated June 15, 1923, authorized Southern California Gas Company to issue and sell \$2,500,000 of bonds. The order of the Commission, as amended from time to time, has permitted the company to use the proceeds from the sale of \$2,238,412.84 to finance the cost of construction expenditures heretofore reported to the Commission. The remainder of the proceeds may be expended only as authorized by the Commission in a supplemental order or orders.

The company now reports, in a supplemental petition, that prior to October 31, 1923, it expended for extensions, additions and betterments to its plants and properties and for which it has not been reimbursed through the issue of stock or bonds, the sum of \$622,851.05. In addition, it reports that during the month of November it expended \$13,000 in constructing its 10,000,000 cubic foot gas holder, which amount, added to the \$622,851.05, results in the total of \$635,851.05.

The Commission is now asked to make an order authorizing the company to use the proceeds from the sale of the remaining \$261,587.16 of bonds authorized by Decision No. 12215 to finance in part the cost of these extensions, additions and betterments which are described in some detail in statements on file with the Commission.

The Commission has given consideration to applicant's request and believes it should be granted, as herein provided; therefore

It is hereby ordered, that Southern California Gas Company be and it is hereby authorized to use, on or after the date hereof, the proceeds from the sale of \$261,587.16 of the bonds, the issue of which is authorized by Decision No. 12215, dated June 15, 1923, to finance in part such portion of the cost of the extensions, additions and betterments referred to herein, as is properly chargeable to capital account, as defined by the uniform system of accounts prescribed by this Commission.

It is hereby further ordered, that the order in Decision No. 12215, dated June 15, 1923, as amended, shall remain in full force and effect, except as modified by this sixth supplemental order.

Dated at San Francisco, California, this seventh day of December, 1923.

DECISION No. 12915.

IN THE MATTER OF THE APPLICATION OF WESTERN STATES GAS AND ELECTRIC COMPANY, A CORPORATION, FOR AN ORDER AUTHORIZING THE ISSUE OF ITS FIRST AND UNIFIED MORTGAGE GOLD BONDS, SERIES "A," SIX PER CENT, OF THE PAR VALUE OF EIGHT HUNDRED THOUSAND DOLLARS.

Application No. 9525.

Decided December 11, 1923.

Chickering and Gregory, by Allen L. Chickering, for Applicant.

WHITTLESEY, Commissioner.

OPINION.

In this application Western States Gas and Electric Company asks the Railroad Commission to make an order authorizing it to issue and sell at not less than 88½ per cent of face value, plus accrued interest, \$800,000 of its first and unified mortgage Series "A" 6 per cent gold bonds dated March 1, 1922, and payable March 1, 1947. The company asks permission to use the proceeds to be obtained from the sale of its bonds to complete the first unit of its El Dorado power development, to pay current indebtedness, to finance the cost of constructing additions and betterments to its plant and properties during the months October, 1923, to March, 1924, both inclusive, and to reimburse its treasury because of earnings expended for additions and betterments prior to October 1, 1923.

Applicant reports its uncanceled construction expenditures as of September 30, 1923, as \$661,803.24, and it estimates that during the six months subsequent to October 1, 1923, it will be called upon to expend \$1,321,150 for extensions, additions and betterments to its plants and properties, as shown in some detail in Exhibit "8" filed in this proceeding. In addition, applicant desires to pay three short term notes aggregating \$562,863.02 which are reported to have been issued to pay for properties.

Applicant expects during the current month to place in operation the first unit of its hydro-electric generating plant on the South Fork of the American River known as the El Dorado project. The cost of this plant which has a generating capacity of 20,000 kilowatts was originally estimated at \$4,249,276. Acting upon this estimate, the Commission by Decision No. 10118, dated February 21, 1922, in Application No. 7551, authorized the Western States Gas and Electric Company to issue \$5,000,000 of first and unified mortgage bonds to pay the cost of constructing the plant.

In connection with Application No. 9038 in which the Western States Gas and Electric Company asked permission to issue \$2,500,000 additional first and unified mortgage bonds and use part of the proceeds to pay the cost of constructing the hydro-electric plant, the company submitted a revised estimate showing the cost to be \$6,356,840. It appears in Decision No. 12165, dated June 1, 1923, in Application No. 9038, that the company would have to expend \$1,931,840 more than received from the \$5,000,000 of bonds sold under the authority granted by Decision No. 10118, as amended. In Decision No. 12165 the Commission authorized the company to sell \$2,500,000 of first and unified mortgage bonds and use the proceeds to complete the El Dorado project

then under construction and to pay the cost of extensions, additions and betterments.

On November 16, 1923, the Western States Gas and Electric Company filed the above entitled application in which it asks permission to issue \$800,000 more of its first and unified mortgage bonds. In Exhibit No. 6 the cost of the new hydro-electric plant is reported at \$6,771,824, which amount is \$2,522,548 more than the original estimate. It is reported that the increased cost is in part due to changes in the original plants, in part due to unforeseen difficulties, and in part due to the fact that the first estimate was unduly low. Regardless of what may be the causes contributing to the increased cost of the plant, the fact remains that the investment per kilowatt is excessive, although it is possible that the installation of additional plants on the American River will reduce the average cost of power produced by the entire system.

While the order herein will permit the company to issue bonds to pay in part the cost of the plant, the Commission reserves the right to determine hereafter what part of the expenditures for the new hydro-electric plant and appurtenances have been prudent and reasonable.

I herewith submit the following form of order:

ORDER.

Western States Gas and Electric Company having applied to the Railroad Commission for permission to issue and sell bonds, a public hearing having been held and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for by such issue is reasonably required for the purpose or purposes specified herein, and that the application should be granted as provided in this order;

It is hereby ordered, that Western States Gas and Electric Company be and it is hereby authorized to issue and sell at not less than 88½ per cent of their face value, plus accrued interest, \$800,000 of its first and unified mortgage Series "A" gold bonds due March 1, 1947, for the purpose of financing in part the cost of completing the first unit of its El Dorado power development, of paying the current indebtedness referred to in the foregoing opinion, of financing in part the cost of additions and betterments to its plants and properties during the months of October, 1923, to March, 1924, inclusive.

The authority herein granted is subject to the following conditions:

1. The authority herein granted shall not preclude the Commission from determining hereafter what part of the expenditures incurred in constructing the hydro-electric plant have been reasonable, and requiring, if it finds any expenditures to have been unreasonable, the amortization of such unreasonable expense.

2. Applicant shall keep such record of the issue and sale of the bonds herein authorized and of the disposition of the proceeds as will enable it to file on or before the twenty-fifth day of each month a verified report as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

3. The authority herein granted will become effective when applicant has paid the fee prescribed by section 57 of the Public Utilities Act, which fee is \$800, and will expire on June 30, 1924.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this eleventh day of December, 1923.

DECISION No. 12920.

IN THE MATTER OF THE APPLICATION OF L. C. HANSEN, CONDUCTING THE EMPIRE WATER SYSTEM AT EMPIRE, COUNTY OF STANISLAUS, STATE OF CALIFORNIA, FOR AUTHORITY TO DISCONTINUE AND ABANDON SAID WATER SERVICE.

Application No. 9366.

Decided December 12, 1923.

T. B. Scott, for Applicant.
S. F. Sanger, for Consumers.

WHITTLESEY, Commissioner.

OPINION.

L. C. Hansen, who owns and operates a small public utility known as the Empire Water System, which furnishes water for domestic purposes to residents of the town of Empire, Stanislaus County, asks authority to discontinue the operation of the plant.

The application alleges in effect that the waterworks was acquired by the present owner in 1921 and since that time has supplied approximately twelve consumers. It is further alleged that the revenues received from the sale of water are not sufficient to cover the cost of maintenance and operation of the system.

A public hearing in this matter was held at Modesto after all interested parties had been duly notified and given an opportunity to be present and be heard.

This water system consists of a 2-inch centrifugal pump driven by an electric motor, and a distribution system consisting of small sized pipe. A 5000-gallon tank provides storage.

The testimony of Mr. Hansen shows that the revenues derived from the sale of water in 1922 were \$216 and the operating expenses \$510.

It appears, however, that several items properly chargeable to capital were included in operating expense, and that the actual amount is considerably less than is indicated by the owner's testimony, which also estimates the revenue for 1923 as \$180 and the operating expenses \$242. None of the foregoing figures include any charges for depreciation or a return upon the investment.

The testimony also shows that applicant resides at Modesto, a distance of about seven miles from Empire, and on account of the small number of consumers can not afford to give the system his personal attention, as a result of which it is necessary to hire a caretaker and collector. The owner is willing to dispose of the plant to the water users at a price fixed by any disinterested parties, or at a figure which may be fixed as a fair value of the plant by the Railroad Commission.

S. F. Sanger, who represented a number of consumers at the hearing, stated that the revenues as shown by Mr. Hansen's testimony did not represent true conditions, as, through carelessness on applicant's part, a number of persons were obtaining water from the system from whom no collections were made.

From the evidence submitted it is apparent that continued operation of the plant can only result in loss of money by the owner. The present rates charged for water service are \$1.50 per month with the exception of two consumers who are charged \$3, and there is every indication that should these rates be increased to such an extent as would theoretically place the plant upon a profitable basis and insure a fair return on the investment, consumers would install their own plants and discontinue service.

Under the conditions it is evident that applicant should be permitted to discontinue the operation of the water system after giving consumers a reasonable time in which to acquire this plant or to secure other sources of water supply.

ORDER.

L. C. Hansen having made application to this Commission as entitled above, a public hearing having been held thereon, the matter having been submitted and the Commission being now fully informed in the matter:

It is hereby found as a fact that public convenience and necessity do not require the continued operation of the public utility known as the Empire Water System, which supplies water for domestic purposes to residents of the town of Empire, Stanislaus County.

And basing the order upon the foregoing finding of fact and upon the statements of fact contained in the opinion which precedes this order;

It is hereby ordered, that L. C. Hansen be and he is hereby authorized to discontinue the operation of the public utility known as the Empire

Water System, located in the town of Empire, Stanislaus County, on June 30, 1924.

It is hereby further ordered, that within twenty (20) days from the date of this order, L. C. Hansen be and he is hereby directed to notify in writing each of the consumers now being supplied with water by this plant, of his intention to discontinue the operation of the system on June 30, 1924.

It is hereby further ordered, that L. C. Hansen be and he is hereby directed to furnish this Commission within thirty (30) days from the date of this order an affidavit setting forth the fact that each of his consumers at Empire was duly notified of such intention to discontinue the operation of the water system on June 30, 1924.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this twelfth day of December, 1923.

DECISION No. 12921.

IN THE MATTER OF THE INVESTIGATION BY THE COMMISSION ON ITS OWN MOTION INTO THE COMPLIANCE WITH THE REQUIREMENTS OF CHAPTER FOUR HUNDRED NINETY-NINE OF THE STATE STATUTES OF ONE THOUSAND NINE HUNDRED ELEVEN, AS AMENDED BY CHAPTER SIX HUNDRED OF THE STATE STATUTES OF ONE THOUSAND NINE HUNDRED FIFTEEN, BY ALL ELECTRIC, TELEPHONE, TELEGRAPH AND RAILROAD UTILITIES AND ALL OTHER PERSONS, FIRMS, CORPORATIONS AND MUNICIPALITIES, SUBJECT THERETO, OPERATING POWER AND/OR SIGNAL LINES IN THE STATE OF CALIFORNIA.

Case No. 1698.

Decided December 12, 1923.

BY THE COMMISSION.

SIXTY-NINTH SUPPLEMENTAL ORDER.

CITY OF REDDING.

WHEREAS, The Railroad Commission is, by section 8 of chapter 499 of the Statutes of 1911, as amended by chapter 600 of the Statutes of 1915, vested with authority to grant additional time during which all overhead electric lines subject to the provisions of said act may be reconstructed in accordance therewith, and is further charged with the duty of seeing that all of the provisions of said act are properly enforced; and

WHEREAS, The Railroad Commission has made an inspection of the overhead electric lines of city of Redding and has found a total of 317 infractions of said act, and certain other hazardous conditions which

should be eliminated as shown in detail upon copies of the field reports of the inspection which have been furnished city of Redding or its agents by this Commission; and

WHEREAS, The Railroad Commission is of the opinion that it will be reasonably possible for city of Redding to remove said infractions and hazardous conditions and bring its entire system into compliance with said chapter 499, Statutes of 1911, as amended by chapter 600, Statutes of 1915, before August 1, 1924;

It is hereby ordered, that the time during which city of Redding may reconstruct its overhead electric lines to conform with the provisions of chapter 499, Statutes of 1911, as amended by chapter 600, Statutes of 1915, be and the same is hereby extended to August 1, 1924, provided that as to certain infractions listed as "technical, prior to October 22, 1911," upon copies of field reports heretofore referred to, such time is hereby extended until such infractions can be eliminated in the course of maintenance or construction work.

It is hereby further ordered, that before August 1, 1924, city of Redding complete the reconstruction of its overhead electric lines to eliminate all infractions of chapter 499, Statutes of 1911, as amended by chapter 600, Statutes of 1915, listed as "Hazardous or technical since October 22, 1911," upon copies of field reports heretofore referred to and all hazardous conditions similarly listed.

Dated at San Francisco, California, this twelfth day of December, 1923.

DECISION No. 12922.

IN THE MATTER OF THE INVESTIGATION BY THE COMMISSION ON ITS OWN MOTION INTO THE COMPLIANCE WITH THE REQUIREMENTS OF CHAPTER FOUR HUNDRED NINETY-NINE OF THE STATE STATUTES OF ONE THOUSAND NINE HUNDRED ELEVEN, AS AMENDED BY CHAPTER SIX HUNDRED OF THE STATE STATUTES OF ONE THOUSAND NINE HUNDRED FIFTEEN, BY ALL ELECTRIC, TELEPHONE, TELEGRAPH AND RAILROAD UTILITIES AND ALL OTHER PERSONS, FIRMS, CORPORATIONS AND MUNICIPALITIES, SUBJECT THERETO, OPERATING POWER AND/OR SIGNAL LINES IN THE STATE OF CALIFORNIA.

Case No. 1698.

Decided December 12, 1923.

BY THE COMMISSION.

SEVENTY-FIRST SUPPLEMENTAL ORDER.

CITY OF ROSEVILLE.

WHEREAS, The Railroad Commission is, by section 8 of chapter 499 of the Statutes of 1911, as amended by chapter 600 of the Statutes of 1915, vested with authority to grant additional time during which all overhead electric lines subject to the provisions of said act may be

reconstructed in accordance therewith, and is further charged with the duty of seeing that all of the provisions of said act are properly enforced; and

WHEREAS, The Railroad Commission has made an inspection of the overhead electric lines of city of Roseville and has found a total of 854 infractions of said act, and certain other hazardous conditions which should be eliminated as shown in detail upon copies of the field reports of the inspection which have been furnished city of Roseville or its agents by this Commission; and

WHEREAS, The Railroad Commission is of the opinion that it will be reasonably possible for city of Roseville to remove said infractions and hazardous conditions and bring its entire system into compliance with said chapter 499, Statutes of 1911, as amended by chapter 600, Statutes of 1915, before September 1, 1924;

It is hereby ordered, that the time during which city of Roseville may reconstruct its overhead electric lines to conform with the provisions of chapter 499, Statutes of 1911, as amended by chapter 600, statutes of 1915, be and the same is hereby extended to September 1, 1924, provided that as to certain infractions listed as "technical, prior to October 22, 1911," upon copies of field reports heretofore referred to, such time is hereby extended until such infractions can be eliminated in the course of maintenance or construction work.

It is hereby further ordered, that before September 1, 1924, city of Roseville complete the reconstruction of its overhead electric lines to eliminate all infractions of chapter 499, Statutes of 1911, as amended by chapter 600, Statutes of 1915, listed as "Hazardous or technical since October 22, 1911," upon copies of field reports heretofore referred to and all hazardous conditions similarly listed.

Dated at San Francisco, California, this twelfth day of December, 1923.

DECISION No. 12923.

IN THE MATTER OF THE INVESTIGATION BY THE COMMISSION ON ITS OWN MOTION INTO THE COMPLIANCE WITH THE REQUIREMENTS OF CHAPTER FOUR HUNDRED NINETY-NINE OF THE STATE STATUTES OF ONE THOUSAND NINE HUNDRED ELEVEN, AS AMENDED BY CHAPTER SIX HUNDRED OF THE STATE STATUTES OF ONE THOUSAND NINE HUNDRED FIFTEEN, BY ALL ELECTRIC, TELEPHONE, TELEGRAPH AND RAILROAD UTILITIES AND ALL OTHER PERSONS, FIRMS, CORPORATIONS AND MUNICIPALITIES, SUBJECT THERETO, OPERATING POWER AND/OR SIGNAL LINES IN THE STATE OF CALIFORNIA.

Case No. 1698.

Decided December 12, 1923.

BY THE COMMISSION.

SEVENTY-SECOND SUPPLEMENTAL ORDER.

CITY OF COLTON.

WHEREAS, The Railroad Commission is, by section 8 of chapter 499 of the Statutes of 1911, as amended by chapter 600 of the Statutes of 1915, vested with authority to grant additional time during which all overhead electric lines subject to the provisions of said act may be reconstructed in accordance therewith, and is further charged with the duty of seeing that all of the provisions of said act are properly enforced; and

WHEREAS, The Railroad Commission has made an inspection of the overhead electric lines of city of Colton and has found a total of 771 infractions of said act, and certain other hazardous conditions which should be eliminated as shown in detail upon copies of the field reports of the inspection which have been furnished city of Colton or its agents by this Commission; and

WHEREAS, The Railroad Commission is of the opinion that it will be reasonably possible for city of Colton to remove said infractions and hazardous conditions and bring its entire system into compliance with said chapter 499, Statutes of 1911, as amended by chapter 600, Statutes of 1915, before July 1, 1924;

It is hereby ordered, that the time during which city of Colton may reconstruct its overhead electric lines to conform with the provisions of chapter 499, Statutes of 1911, as amended by chapter 600, Statutes of 1915, be and the same is hereby extended to July 1, 1924, provided that as to certain infractions listed as "technical, prior to October 22, 1911," upon copies of field reports heretofore referred to, such time is hereby extended until such infractions can be eliminated in the course of maintenance or construction work.

It is hereby further ordered, that before July 1, 1924, city of Colton complete the reconstruction of its overhead electric lines to eliminate all infractions of chapter 499, Statutes of 1911, as amended by chapter 600, statutes of 1915, listed as "Hazardous or technical since October 22, 1911," upon copies of field reports heretofore referred to and all hazardous conditions similarly listed.

Dated at San Francisco, California, this twelfth day of December, 1923.

DECISION No. 12924.

IN THE MATTER OF THE APPLICATION OF PACIFIC ELECTRIC RAILWAY COMPANY FOR PERMISSION TO CONSTRUCT AND MAINTAIN A RAILROAD TO BE OPERATED IN A SUBWAY FROM HILL STREET TO GLENDALE BOULEVARD, LOS ANGELES, CALIFORNIA, CROSSING AT GRADE AS AN APPROACH TO SAID SUBWAY FROM GLENDALE BOULEVARD, THE INTERSECTION OF FIRST AND SECOND STREETS AND GLENDALE BOULEVARD, LUCAS STREET, THE INTERSECTION OF TOLUCA AND EMERALD

STREETS, AND THE TWO INTERVENING ALLEYS, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA.

Application No. 9426.

Decided December 13, 1923.

Frank Karr, for Applicant.

Jess E. Stephens, City Attorney, *Milton Bryan*, Deputy City Attorney, and *F. A. Lorentz*, Chief Engineer, Board of Public Utilities, for the City of Los Angeles.

Carl Bush, for Hollywood Chamber of Commerce.

W. H. Engle, for the Glendale Boulevard Improvement Association.

A. J. Barnes, for East Hollywood Improvement Association.

C. C. Thomas, in *propria persona*.

BY THE COMMISSION.

OPINION.

Applicant, Pacific Electric Railway Company, requests permission to construct railroad tracks, as proposed in franchise granted in Ordinance No. 44567 (new series) of the city of Los Angeles, which provides for

making the approaches at grade from the intersection of Glendale Boulevard and First and Second Streets, southerly across Lucas Street and the two alleys between Lucas, Second and Toluca Streets and across Toluca Street, Emerald Street, Bixel Street, and the alley between Bixel Street and Sapphire Street, and across Sapphire Street and Third Street, Hill Avenue, Fourth Street, Boyleston Street, Beaudry Avenue, Fremont Avenue, Figueroa Street, Flower Street, Hope Street, Grand Avenue and Olive Street, under grade and in said subway or tunnel and at the grades shown on Exhibit "C" hereto annexed, with this proviso or qualification, however, that if the City of Los Angeles should by the proper action of its City Council and the Board of Park Commissioners, as authorized by the Charter of the City of Los Angeles and approved by the vote of Los Angeles, grant your applicant the necessary franchise authority to construct said terminal in and under Pershing Square as herein referred to in paragraph V of this application within ninety days from the date of the order granting this application, your applicant be authorized to change its plans and construct said terminal under Pershing Square in lieu of constructing same at and in the vicinity of Hill and Olive Streets, between Fourth and Fifth Streets.

The Railroad Commission in Decision No. 9928, dated December 24, 1921, authorized an increase of rates on the Pacific Electric under certain conditions in which it was provided that applicant improve its service to the Hollywood district by the purchase of certain cars and the construction of a tunnel westerly from Hill street to the intersection of First street and Glendale boulevard; that applicant submit, within thirty (30) days thereafter, plans satisfactory to the Commission for the improvement of its service, and that applicant satisfy the Commission that it had made the necessary financial arrangements to provide the capital required. Satisfactory plans were submitted and assurance given as provided.

The company in this proceeding alleges that it commenced purchasing rights of way early in 1922 and applied for a franchise on March 20, 1922, which was later amended on June 27, 1922, with a view to carry-

ing out the construction of the tunnel and the improvement of the Hollywood service to be provided thereby. Franchise for the construction of this tunnel was obtained from the city council of Los Angeles by Ordinance No. 44567 (new series), adopted September 12, 1922, effective October 16, 1922. In this franchise it is contemplated that the tunnel will, as suggested in Commission's previous decision, terminate at grade at applicant's present Hill street station located between Fourth and Fifth streets.

Applicant sets forth that since January 1, 1923, and up to the date of the application it had expended \$834,647.50 for rights of way and there still remains one condemnation suit to complete.

Applicant alleges that in April, 1923, it was requested by certain civic organizations to consider terminating the eastern end of the tunnel at and under Pershing Square instead of at the present Hill street station, in order that the terminal might in the future more readily fit into a comprehensive subway system. Acting upon these suggestions, it applied to the city council on April 20, 1923, for a new franchise which would permit the construction of the terminal in a subway under Pershing Square. Following this application a vote of the people was had with a view to authorizing the city council to grant a franchise for the use of Pershing Square, as proposed. This vote was in favor of the same, but as yet no final action has been taken by the city council on the second franchise nor has the Board of Park Commissioners, which has concurrent jurisdiction over the use of Pershing Square, approved the use of the park.

Applicant takes the position that it is ready to carry out the construction of the tunnel to Hill street in compliance with the Commission's previous order, but desires the alternative of placing the terminal under Pershing Square in case permission is obtained from the city of Los Angeles within ninety (90) days from the date of this order.

The city charter of Los Angeles will not permit the construction of subways by private utilities longitudinally under streets and at least two years would be required before the present charter could be amended or modified to allow such construction. Consideration is at present being given to the general question of subways as a means to improve transportation in Los Angeles, but no definite plans are available. It is not possible, therefore, to determine how effectually any proposed terminal will fit into the future subway system.

It is agreed by the representatives of the city and those of the applicant that the present transportation conditions are not satisfactory and that the construction of this tunnel terminating either at Hill street or at Pershing Square will materially benefit the traffic conditions and increase the speed of trains in the downtown district, and will thus

improve the service to be obtained by Hollywood, Glendale and San Fernando Valley.

A special committee was appointed by the city council prior to this hearing, consisting of engineers representing the Los Angeles Railway, Pacific Electric Railway, the Traffic Commission, the city engineer, and the chief engineer of the Board of Public Utilities, to report upon the advisability of locating the terminal under Pershing Square rather than at the location of the present Hill street station. At the time of this hearing no agreement had been reached between the engineers of this committee and it appears from the testimony of Mr. F. A. Lorentz, the chief engineer of the Board of Public Utilities, that there is little hope of such an agreement. Mr. Lorentz recommends that the construction of the tunnel should be gone ahead with without delay along the plans originally proposed, for the reason that it would be inadvisable to delay the construction of this tunnel pending the determination of the possible utilization of Pershing Square as a subway terminal for the Pacific Electric. This same view is taken by City Attorney Jess E. Stephens, and it appears to be the general consensus of opinion of the city authorities represented that, under the present circumstances, the proposed tunnel and station should not be considered as a part of the general subway system, but should be completed at the earliest possible date.

The estimates submitted by applicant relative to the cost of this tunnel and adequate terminal facilities at grade at Hill street show the cost to date of rights of way and terminal facilities at Hill street, including value of present station site, right of way and lands purchased prior to 1922 to be \$2,056,707.76, from which amount it is estimated the company will obtain salvage of \$700,000 to \$1,000,000, and estimated construction cost of tunnel and terminal facilities to be \$1,752,424. Total cost of this project, assuming the use of the present Hill street terminal at grade, will, it appears, approximate \$3,000,000 as a net figure. The company estimates that to extend to Pershing Square and construct a subway station would cost a net additional of \$1,160,000, and is willing under reasonable franchise requirements to make this further expenditure. Applicant estimates some saving in operating expenses and quite a material improvement in the quality of the service by the construction of this tunnel to either of the two proposed stations.

As indicated by the Commission two years ago, the need for the construction of this tunnel to improve transportation conditions was urgent and the need at this time is even more urgent. It is, therefore, clear that there is no justification for further delay in the carrying out of this improvement. We are convinced that the tunnel, as proposed, will serve a necessary and useful purpose and will justify its cost in the immediate improvement of conditions.

It has appeared to this Commission that the public interest would perhaps be better served if the tunnel here in question could be linked with some general subway system with station facilities in or adjacent to Pershing Square, or other general subway system that may be approved by the city. However, since the date of the hearing herein the Los Angeles city council, under date of November 7, 1923, adopted a report of its public utilities committee which contains the following definite recommendations:

* * * first, that the proposed Pacific Electric plan for a subway station to be located in the central portion of Pershing Square be abandoned or any other proposed plan at this time to use a portion or the whole of Pershing Square be abandoned. Second, that the Pacific Electric Railroad Company proceed at once to build the Hollywood Tunnel along the lines set forth in their detailed plan now submitted formally to the Railroad Commission for final approval.

In view of this it appears futile to consider the advantages or disadvantages of the Pershing Square site for the easterly terminal of this tunnel. It should be noted, however, that a study of the plans submitted indicate that the construction of the tunnel as proposed will not prevent the ultimate connection of this tunnel with a comprehensive subway system having station facilities located at or near Pershing Square. Such a change will necessarily increase the total cost somewhat but the major portion of the tunnel as now planned can be utilized if such a future connection be found advisable. Our order in this proceeding will, therefore, deal solely with a tunnel leading to applicant's present Hill street station.

ORDER.

Pacific Electric Railway Company having applied for permission to construct and maintain a railroad to be operated in a tunnel from Hill street to Glendale boulevard, in the city of Los Angeles, county of Los Angeles, State of California, as hereinbefore recited, a public hearing having been held, the Commission being apprised of the facts, the matter being under submission and ready for decision;

It is hereby ordered, that Pacific Electric Railway Company be and it is hereby granted permission and is hereby ordered and directed to construct and maintain a tunnel and operate trains therein from Hill street to Glendale boulevard in the city of Los Angeles, county of Los Angeles, State of California, subject to the following conditions:

(1) The entire expense of constructing said tunnel, together with the cost of its maintenance in a good and first-class condition thereafter for the safe and convenient operation of trains therein, shall be borne by applicant.

(2) Said tunnel shall be constructed at a location as shown on Exhibit "B" filed in the above entitled application, at a grade substantially as shown on Exhibit "C," and with dimensions substantially as shown on Exhibit "D."

(3) Applicant shall provide such station facilities along the route of said subway as the Commission may hereafter direct.

(4) Applicant shall commence the construction of said tunnel within sixty (60) days from the date of this order, and said tunnel shall be completed and placed in operation on or before March 1, 1925, unless for good cause shown such time limit shall be extended by subsequent order herein.

(5) Applicant shall file with the Commission monthly reports of progress during the period of construction, such reports to contain such information and data as may be required from time to time by the Commission.

(6) The Commission reserves the right to make such further orders relative to the construction, operation and maintenance of said tunnel as it may hereafter deem right and proper.

This order shall become effective ten (10) days from the date hereof.

Dated at San Francisco, California, this thirteenth day of December, 1923.

DECISION No. 12929.

IN THE MATTER OF THE APPLICATION OF SOUTHERN CALIFORNIA TELEPHONE COMPANY, A CORPORATION, FOR AN ORDER AUTHORIZING THE ISSUANCE OF COMMON CAPITAL STOCK OF THE PAR VALUE OF THIRTY MILLION DOLLARS.

Application No. 9456.

Decided December 13, 1923.

Pillsbury, Madison and Sutro and Arthur Wright, by H. D. Pillsbury, for Applicant.

BY THE COMMISSION.

OPINION.

Southern California Telephone Company asks permission to issue and sell, at not less than \$95 per share, 300,000 shares (\$30,000,000 par value) of common capital stock for the purpose of paying indebtedness incurred for the construction, completion, extension and improvement of its facilities prior to August 31, 1923. The Pacific Telephone and Telegraph Company asks permission to purchase all or any part of such stock.

Southern California Telephone Company was organized on or about April 19, 1916, with an authorized capital stock of \$10,000,000 divided into 100,000 shares of the par value of \$100 each. Of this stock \$6,086,900 has been issued under the authority granted by Decision No. 3845, dated November 4, 1916, as amended. (Vol. 11, Opinions and Orders of the Railroad Commission of California, page 806.)

At a special meeting held December 11, 1923, the stockholders of Southern California Telephone Company voted to increase the author-

ized capital stock of the company from \$10,000,000 to \$40,000,000 divided into 400,000 shares of the par value of \$100 each, all shares being common.

The application shows that there are three mortgages upon the properties of Southern California Telephone Company, namely, a mortgage of Southern California Telephone Company dated May 1, 1917, a mortgage of the Home Telephone and Telegraph Company dated July 1, 1905, and a mortgage of the Home Telephone and Telegraph Company dated December 31, 1902. Under the first mentioned mortgage \$7,709,000 of bonds, under the second mentioned mortgage \$562,000 of bonds, and under the third mentioned mortgage \$1,143,000 of bonds are outstanding. The total bonds secured by the several mortgages amount to \$9,414,000 face value.

As of August 31, 1923, Southern California Telephone Company was indebted to The Pacific Telephone and Telegraph Company for advances in the sum of \$31,515,000. These advances have been made subsequent to September 28, 1920. Other current liabilities are reported to be \$2,018,383.38.

Southern California Telephone Company in its Exhibit No. 1 shows a gross addition to its plant from May 1, 1917, to August 31, 1923, of \$40,794,762 and net additions of \$35,148,432. In its Exhibit No. 3 Southern California Telephone Company reports that from August 1, 1920, to August 31, 1923, its gross additions to plant amounted to \$35,509,674 and its net additions to \$31,572,185.

The assets and liabilities of the company as of August 31, 1923, are reported as follows:

<i>Assets.</i>	
Intangible capital	\$531,752 37
Right of way	96,181 51
Land and buildings	3,278,963 64
Central office equipment	15,437,272 26
Station equipment	6,107,465 96
Exchange lines	16,501,191 50
Toll lines	45,831 76
Other plant	265,650 31
General equipment	1,068,585 56
Total fixed capital	\$43,332,894 87
Construction work in progress	3,154,601 74
Investment securities	20,488 08
Cash and deposits	152,335 94
Accounts receivable	547,405 09
Materials and supplies	1,065,428 30
Accrued income not due	5,588 72
Sinking fund assets	987 62
Prepayments	429,582 09
Unamortized debt discount and expense	527,281 15
Other deferred debits	101,387 20
Total assets	\$49,337,980 80

Liabilities.

Capital stock, common-----	\$6,086,900 00
Premiums on capital stock-----	1,324,758 65
Funded debt-----	7,844,000 00
Advances from system corporations for construction, etc.-----	31,515,000 00
Accounts payable-----	2,018,383 38
Accrued liabilities not due-----	152,485 92
Other deferred credit items-----	104,938 67
Reserve for accrued depreciation-----	4,912,297 29
Reserve for amortization of intangible capital-----	8,749 55
Surplus and undivided profits-----	*4,629,532 66
Total liabilities-----	\$49,337,980 80

*Deficit.

A sufficient check has been made of the figures submitted in this proceeding to satisfy ourselves that it is proper for the Southern California Telephone Company to issue \$30,000,000 of common stock for the purpose indicated in the following order. The stock will be offered to the stockholders of the Southern California Telephone Company at \$95. Its principal stockholder is The Pacific Telephone and Telegraph Company, which asks permission to purchase all or any part of the \$30,000,000 of common stock which the Southern California Telephone Company asks permission to issue and sell.

ORDER.

Southern California Telephone Company having applied to the Railroad Commission for permission to issue \$30,000,000 of common stock, a public hearing having been held before Examiner Fankhauser and the Commission being of the opinion that the money, property or labor to be procured or paid for by the issue of such stock is reasonably required by Southern California Telephone Company, and that this application should be granted as herein provided; therefore,

It is hereby ordered, that Southern California Telephone Company be and it is hereby authorized to issue and sell for not less than \$95 per share 300,000 shares (\$30,000,000 par value) of common capital stock and use the proceeds to pay such indebtedness as may have been incurred by such company to construct, complete, extend and improve its facilities.

It is hereby further ordered, that The Pacific Telephone and Telegraph Company be and it is hereby authorized to acquire and hold said \$30,000,000 of stock (or any part thereof) of Southern California Telephone Company.

The authority herein granted is subject to further conditions as follows:

1. Southern California Telephone Company shall keep such record of the issue, sale and delivery of the stock herein authorized and of the disposition of the proceeds as will enable it to file on or before the twenty-fifth day of each month a verified report, as required by the

Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

2. The authority herein granted to issue stock will become effective when Southern California Telephone Company has filed with the Commission a certified copy of its amended articles of incorporation. The authority herein granted to issue stock will expire on March 1, 1924.

Dated at San Francisco, California, this thirteenth day of December, 1923.

DECISION No. 12931.

IN THE MATTER OF THE APPLICATION OF HUGH GOODFELLOW, WARREN OLNEY AND W. I. BROBECK, AS TRUSTEES, AND KEY SYSTEM TRANSIT COMPANY, A CORPORATION, EAST OAKLAND RAILWAY COMPANY, A CORPORATION, OAKLAND AND HAYWARDS RAILROAD, A CORPORATION, AND KEY SYSTEM SECURITIES COMPANY, A CORPORATION, TO TRANSFER AND ACQUIRE THE PROPERTY FORMERLY BELONGING TO SAN FRANCISCO-OAKLAND TERMINAL RAILWAYS, A CORPORATION, AND TO ISSUE SECURITIES.

Application No. 9367.

Decided December 14, 1923.

TRANSFER—ELECTRIC RAILWAY PROPERTIES.—Hugh Goodfellow, Warren Olney and W. I. Brobeck, as trustees, and Key System Transit Company, a corporation, East Oakland Railway Company, a corporation, Oakland and Haywards Railroad, a corporation, and Key System Securities Company, a corporation, are authorized to transfer and acquire the property formerly belonging to San Francisco-Oakland Terminal Railways, a corporation, and to issue securities involving the refinancing of the properties, purchased at foreclosure sale by the trustees, as trustees for the bondholders.

SECURITIES—AUTHORIZATION.—East Oakland Railway Company authorized to issue \$10,000 par value of common capital stock, and not exceeding \$229,000 of first mortgage fifteen-year 6 per cent bonds, subject to supplemental order of the Commission authorizing execution of mortgage to secure payment of said bonds.

Oakland and Haywards Railway Company authorized to issue \$10,000 par value of common capital stock and not exceeding \$236,000 of first mortgage fifteen-year 6 per cent bonds, subject to supplemental order of the Commission authorizing execution of mortgage to secure payment of said bonds.

Key System Transit Company is authorized to acquire all of the stock, except directors' qualifying shares of the East Oakland Railway Company and Haywards Railway Company, and to acquire all other properties of the San Francisco-Oakland Terminal Railways as are not to be transferred to the East Oakland Railway and the Haywards Railway Company, and to issue the following securities in payment therefor:

First mortgage fifteen-year bonds.....	\$2,500,000 00
General refunding mortgage fifteen-year bonds.....	8,951,010 08
Seven per cent cumulative prior preferred stock.....	7,500,891 40
Seven per cent cumulative preferred stock.....	5,327,691 40
Common stock	3,512,500 00

Morrison, Dunne and Brobeck; Goodfellow, Eels, Moore and Orrick; McCutchen, Olney, Mannon and Greene, by Warren Olney, for Applicants.

Joseph I. Bien, for Louis H. Bien, Trustee in Bankruptcy for United Properties Company, a bankrupt holding all of the capital stock of Oakland Railways.

Leon B. Gray, for City of Oakland.

Edward P. B. Troy, for Dr. C. A. Clinton, Mrs. Amelia P. Hogan, Mrs. Fred Lee et al., and for himself, as stockholders of San Francisco-Oakland Terminal Railways.

BY THE COMMISSION.

OPINION.

The above entitled application involves the refinancing of the properties formerly owned by San Francisco-Oakland Terminal Railways. The properties of such company were on July 17, 1923, purchased at a judicial sale under a decree of foreclosure of the superior court of the State of California in and for the county of Alameda, by Hugh Goodfellow, Warren Olney and W. I. Brobeck, as trustees for the bondholders who deposited their bonds under the reorganization plan, to which reference will hereafter be made. The trustees bought the property for the purpose of carrying out the reorganization plan, a copy of which is on file in this proceeding and marked "Applicants' Exhibit A."

The San Francisco-Oakland Terminal Railways was organized on March 21, 1912, two days prior to the effective date of the Public Utilities Act. The Railroad Commission has never authorized the company to issue any stock or bonds, except the general lien bonds authorized to be issued by Decision No. 1604, dated June 23, 1914 (Volume 4, Opinions and Orders of the Railroad Commission of California, page 1290). In that decision the Commission authorized the issue of not exceeding \$1,000,000 and authorized the use of the general lien bonds as collateral security for \$650,000 of notes, the issue of which the Commission also authorized.

The San Francisco-Oakland Terminal Railways was formed through the consolidation of the Oakland Traction Company, the San Francisco, Oakland and San Jose Consolidated Railway, the East Shore and Suburban Railway Company and the California Railway. The company was engaged in a street railway business in the cities of Oakland, Berkeley, Alameda, Richmond and other cities on the eastern shore of San Francisco Bay, extending from Richmond to Haywards; also interurban street car service between the various municipalities and an interurban ferry service between the cities on the eastern shore of San Francisco Bay and the city and county of San Francisco. Since the foreclosure sale the properties have been operated by the trustees.

The San Francisco-Oakland Terminal Railways has, since its organization, filed annual reports with the Railroad Commission. The company has also been before the Commission in several formal proceedings. One involved the valuation of its properties; others, the issue of bonds or notes or the increase in rates. Several times during the hearing on the present application reference was made to Decision No. 6549, dated August 11, 1919 (Volume 17, Opinions and Orders of the Railroad Commission of California, page 178), and particularly to the following language appearing on page 186:

It has been repeatedly pointed out by this Commission that the only permanent remedy for the financial difficulties of this company is a thoroughgoing reorganiza-

tion of its finances. As long as the Key System rests on the present unsound financial structure, it is bound to continue in financial difficulties in the future as it has in the past. The rate increases will not effect a complete or permanent remedy of this situation. If it were practical to do so, we would make a reorganization one of the conditions of this order.

The Commission in the language quoted refers to the San Francisco-Oakland Railways as a corporate entity and not to one of its operating divisions, namely, the Key Division. The Commission when making the statement had knowledge of the earnings and expenses of the company, of its capitalization and credit, of its arrears in interest payments, its default in sinking fund payments, and its inability to raise money for needed improvements in service. The Commission knew that the company had made no provision prior to 1917 to take care of depreciation, that the company did not earn its interest charges during 1916, 1917, 1918 and 1919. At the time of the Commission's decision the company had outstanding notes payable amounting to more than \$3,500,000; its funded debt due and payable amounted to \$1,183,000; its overdue and unpaid interest was \$952,310; while its sinking fund instalments under the several mortgages which had accrued but remained unpaid, amounted to \$1,522,130. On December 31, 1922, the figures comparable to those just mentioned were as follows:

Matured notes unpaid (in excess of)-----	\$3,200,000 00
Funded debt (matured, not paid)-----	1,357,000 00
Matured and unpaid interest-----	2,706,585 00
Sinking fund instalments due but not paid-----	2,919,785 00

Any one of the items just mentioned might have been made the basis of a foreclosure proceeding and of necessity all of such items had to be paid before the company could raise any substantial amounts of money for the improvement of its services. The Commission was convinced in 1918, and is likewise convinced at this time, that the properties formerly belonging to the San Francisco-Oakland Terminal Railways should be refinanced and that the reorganization of the affairs of the company is imperative. Whether or not the San Francisco-Oakland Terminal Railways was solvent at the time of the foreclosure sale—that is, whether the fair value of its assets exceeded its liabilities—is in our opinion wholly immaterial so far as this proceeding is concerned. The record in this case, we think, clearly shows that no matter what the fair value of the company's properties may have been, it could not meet its interest charges when due, could not pay its bonds and notes when due, nor could it comply with the sinking fund provisions of its mortgages. It was unable to sell either bonds or stock to finance additions and betterments.

Questions were raised at the time of the hearing, first, whether the transfer of these properties to trustees under the decree of foreclosure was invalid because not first approved by the Railroad Commission; and, second, whether the transfer herein sought to be authorized will,

in fact, constitute an actual sale. We are of the opinion that the validity of the transfer to the trustees under the decree of foreclosure can not here be questioned. The foreclosure sale was made pursuant to the terms of certain mortgages, executed prior to the enactment of the Public Utilities Act, and that provision in the act requiring the consent of the Railroad Commission prior to any sale would therefore not be applicable.

We are, furthermore, of the opinion that the transfer of the properties by the trustees, for which authorization is herein sought, will constitute an actual sale of public utility property under the provisions of section 51 of the Public Utilities Act. It is true that the foreclosure sale and the sale which this Commission is here asked to authorize are means to carry into effect a reorganization plan. Notwithstanding this fact, there will not only be a change in the ownership of the title to the properties, but in their management as well. We believe that this proceeding involves an actual sale of properties, both in form and in substance.

The decree of foreclosure required the properties of San Francisco-Oakland Terminal Railways to be sold as a whole to the highest bidder. The trustees mentioned heretofore purchased the properties for \$10,000,000, paying \$398,165.02 of the purchase price in cash and \$9,601,834.98 by credit upon said purchase price endorsed pro rata upon the bonds deposited under the reorganization plan. Of the amount paid in cash, \$283,561.72 was paid as the pro rata share of the bondholders whose bonds were foreclosed, but who had not deposited their bonds under the reorganization plan, and \$114,603.30 was paid to meet the expenses of the foreclosure proceedings and sale, in accordance with the terms of the foreclosure decree. The price paid by the trustees for the properties determines the amount that must be paid to those bondholders who did not deposit their bonds. It does not fix the value of the properties for rate making purposes. Neither is this Commission bound by such price in authorizing the transfer of the properties from the trustees to the new companies, and the issue of securities by the new companies in payment for such properties.

Counsel for applicants maintain that the value of the properties is not particularly material in this proceeding, for the reason that the securities which are to be refunded are already outstanding and that the Commission is asked to authorize the issue of a smaller amount of securities than are now outstanding. The Commission is not inclined to agree with the views of counsel for applicants in this regard. We think the value of the properties in this, as in any other reorganization proceeding, is very material. We realize that this is neither a valuation nor a rate proceeding, but when this Commission is asked to authorize the issue of securities to acquire public utility properties or to refinance

such public utility properties, the Commission should have before it evidence of the actual or estimated cost of the properties. Applicants in their Exhibit No. 22 submit the following figures relating to the reproduction value of the properties:

Reproduction value July 16, 1923.....	\$28,233,710 00
Reproduction value less depreciation July 16, 1923.....	22,186,544 00
Reproduction value July 16, 1923 (average prices 1918-1923).....	41,639,463 00
Reproduction value less depreciation July 16, 1923 (average prices 1918-1923)	32,070,100 00

It was stated that the purpose of the exhibit was "to place in evidence a statement of the reproduction value as developed from the 1914 valuation of the Commission, and taking the same property on those same unit costs for the years in which they were built and endeavoring to transform them into what would be those figures for the reproduction value of the property as of July 16, 1923, at average prices which prevailed during the five years previous to that time."

The Railroad Commission by Decision No. 2412, dated May 24, 1915 (Volume 6, Opinions and Orders of the Railroad Commission of California, page 1023), made a valuation of the properties of the San Francisco-Oakland Terminal Railways. The figure \$28,233,710 reported in applicants' Exhibit No. 22 as the reproduction value on July 16, 1923, is arrived at by deducting from the Commission's valuation, which was as of June 30, 1914, the property retired or sold, at the same figure that such property was included in the Commission's valuation, and adding to the remainder the cost of additions and betterments from June 30, 1914, to July 16, 1923. The \$22,186,544 represents the reproduction cost less depreciation of the properties, using the Commission's valuation as a basis and giving effect to the cost of additions and betterments since such valuation. To obtain the second group of values there was applied to the valuation of the Commission and to the additions and betterments installed prior to July 1, 1921, a unit price which represents the average prices during 1918-1923. The cost of additions and betterments subsequent to July 1, 1921, has not been modified.

The city of Oakland in its Exhibit No. 1 and in Exhibit No. 1-A submits the reproduction value less depreciation without any adjustment in the prices entering into the 1914 valuation at \$19,677,667, and with the prices adjusted to reflect the 1918-1923 average prices at \$29,054,118. The \$19,677,667 is arrived at by modifying applicants' Exhibit No. 22 in the particular amounts:

Deducting multiples included in land values in the Commission's 1914 valuation and in applicants' Exhibit No. 22.....	\$873,540 00
Depreciating overhead expenses which were not depreciated in the Commission's valuation in 1914.....	938,744 00
Disallowing amount of the cost of the 55 new traction street cars which applicants do not propose to finance through the issue of first mortgage bonds which the Commission is asked now to authorize	450,000 00
Total	\$2,262,284 00

The following tabulation shows the outstanding stock, funded and other indebtedness of San Francisco-Oakland Terminal Railways prior to the foreclosure sale:

A. Stock		\$28,175,000 00
Common	\$15,125,000 00	
First preferred	12,050,000 00	
Second preferred	1,000,000 00	

B. Funded debt—bonds:

I. Bonds outstanding and interest bearing:

Name of bond	Principal	Unpaid interest
Oakland, San Leandro, Haywards first mortgage 6s, due 1922	\$236,000 00	\$54,280 00
Twenty-third Avenue Electric Railway first mortgage 6s, due 1923	229,000 00	52,097 50
Oakland Transit Company first consolidated 6s, due 1918	1,121,000 00	267,728 44
Oakland Transit first consolidated 5s, due 1931	1,595,000 00	319,000 00
Oakland Transit Consolidated first consolidated 5s, due 1932	1,202,000 00	240,400 00
San Francisco, Oakland and San Jose Railway first mortgage 5s, due 1933	3,000,000 00	600,000 00
East Shore and Suburban Railway first mortgage 5s, due 1940	620,000 00	124,000 00
Oakland Traction Consolidated general consolidated 5s, due 1923	2,134,000 00	426,800 00
San Francisco, Oakland and San Jose Railway second mortgage, due 1933	1,500,000 00	300,000 00
Oakland Traction Company general consolidated mortgage 5s, due 1935	3,177,000 00	627,457 50
San Francisco, Oakland and San Jose, Consolidated, general consolidated 5's, due 1938	1,587,000 00	326,445 90
Subtotals	\$16,401,000 00	\$3,338,209 34

II. Bonds outstanding and pledged:

Oakland Traction Company general consolidated mortgage 5s, due 1935	1,843,000 00	-----
San Francisco, Oakland, San Jose, Consolidated, general consolidated 5s, due 1938	1,413,000 00	-----
Total bonds outstanding and unpaid interest	\$19,657,000 00	\$3,338,209 34

C. Other funded debt		\$847,000 00
San Francisco-Oakland Terminal Railways equipment notes, May 1, 1916	\$50,000 00	
San Francisco-Oakland Terminal Railways ferry equipment trust certificates	600,000 00	
San Francisco-Oakland Terminal Railways car equipment trust certificates	175,000 00	
Real estate mortgage against Stoer property	22,500 00	
D. Current liabilities		\$7,328,107 36
Loans and notes payable	\$3,190,788 02	
Audited accounts and wages payable	707,962 77	
Miscellaneous accounts payable	4,336 63	
Matured interest on bonds unpaid, shown above	3,338,209 34	
Other matured interest unpaid	55,780 00	
Accrued interest not due	31,030 60	
E. Contingent liabilities		\$3,999,928 40
Sinking fund instalments matured	\$3,183,718 75	
Sinking fund instalments accrued	375,129 44	
Loans and interest from depreciation fund	441,080 21	

The loans and notes payable shown at \$3,190,788.02 include a \$2,500,000 note of San Francisco-Oakland Terminal Railways which was issued and deposited as collateral to secure the payment of notes of Oakland Railways. The \$3,256,000 of bonds pledged are deposited to secure the same notes. The notes of the Oakland Railways are not included in the notes payable of San Francisco-Oakland Terminal Railways.

The Oakland Railways is a subsidiary company of the San Francisco-Oakland Terminal Railways and in 1912 issued one-year 6 per cent notes for the principal sum of \$2,500,000. These notes throughout the proceeding have been referred to as the Halsey notes. The payment of the notes was secured by the deposit of the following collateral:

- a. \$2,500,000 note of San Francisco-Oakland Terminal Railways.
- b. 1,843,000 of bonds of Oakland Traction Company general consolidated 5s, due 1935.
- c. 1,413,000 of San Francisco, Oakland and San Jose Consolidated general consolidated 5s, due 1938.
- d. 1,000,000 of second preferred treasury stock of the San Francisco-Oakland Terminal Railways.
- e. 128,814 note of San Francisco-Oakland Terminal Railways.
- f. 3,811,200 of preferred stock of San Francisco-Oakland Terminal Railways loaned from third parties.

The Halsey notes were not paid at maturity. The securities deposited as collateral to secure the payment of such notes have been foreclosed upon and sold, and at such foreclosure sale were purchased on behalf of the holders of the Halsey notes. It is of record that even though the collateral has been reduced to ownership, the owners of such collateral are willing to proceed in accordance with the reorganization plan of the San Francisco-Oakland Terminal Railways and exchange their securities, other than the two notes, which they have obtained through the foreclosure sale for stock of the Key System Transit Company. The two notes they have agreed to cancel.

For some years past the San Francisco-Oakland Terminal Railways has also advanced moneys to the Oakland Terminal Company, another subsidiary, to enable that company to pay its interest on \$1,100,000 of notes issued in 1913 and secured by a mortgage on certain tidelands. The Terminal Company did not pay its notes at maturity. Recently the tidelands were sold for \$1,000,000 and the proceeds applied on the payment of the notes. San Francisco-Oakland Terminal Railways, it appears, paid \$50,000 of the balance due on the notes. Through the sale of the tidelands and the \$50,000 payment by the San Francisco-Oakland Terminal Railways, the Oakland Terminal Company's indebtedness was liquidated, and that company no longer figures in the refinancing of the San Francisco-Oakland Terminal Railways properties.

The properties formerly belonging to the San Francisco-Oakland Terminal Railways are to be refinanced through the medium of four newly organized corporations, namely:

Key System Transit Company;
Key System Securities Company;
The Oakland and Haywards Railway Company;
East Oakland Railway Company.

To the East Oakland Railway Company are to be transferred the properties described in applicants' Exhibit No. 7, which properties were mortgaged to secure the payment of the bonds of the Twenty-third Avenue Electric Railway.

To the Oakland and Haywards Railway Company are to be transferred the properties described in applicants' Exhibit No. 8, which properties were mortgaged to secure the payment of the bonds of the Oakland, San Leandro and Haywards Electric Railway.

It is of record that San Francisco-Oakland Terminal Railways is indebted to Realty Syndicate in the sum of \$119,206.52. The reorganization committee has arranged that of this amount \$10,530 be paid in cash and the balance either in cash or by the conveyance of two pieces of real estate, being the tract known as the Diamond Canyon property and the lot or lots known as the Piedmont power house property.

To the Key System Transit Company are to be transferred all of the properties formerly owned by the San Francisco-Oakland Terminal Railways, except such properties as are to be transferred to the East Oakland Railway Company, the Oakland and Haywards Railway Company and the properties which may be transferred to the Realty Syndicate in payment of indebtedness. The Key System Transit Company will be the operating company and will operate under lease the railway properties of the East Oakland Railway and the Oakland and Haywards Railway.

The Key System Securities Company will take the place of the Oakland Railways. It will issue ten-year 6 per cent notes in the principal sum of \$2,500,000. The payment of the notes will be secured by the deposit of stock of the Key System Transit Company issued pursuant to the plan of reorganization in exchange for bonds and stock deposited to secure the payment of the Halsey notes. The Key System Transit Company will guarantee the payment of the interest on the \$2,500,000 of notes, but not the principal. The Key System Transit Company, which will own all of the outstanding stock of Key System Securities Company, reserves the right to pay at its option the \$2,500,000 of notes on any interest payment date prior to maturity.

The reorganization plan provides for the refunding of the bonds of the San Francisco-Oakland Terminal Railways deposited under the

plan through the issue of bonds and preferred stock of the Key System Transit Company. The preferred stock of the San Francisco-Oakland Terminal Railways will be refunded through the issue of common stock of the Key System Transit Company. The unpaid interest on the bonds of the San Francisco-Oakland Terminal Railways—that is, the interest from November 19, 1919, to July 1, 1923—is to be paid through the issue of bonds or stock of the Key System Transit Company, with the exception that the unpaid interest on the bonds of the Oakland, San Leandro and Haywards Electric Railway and the unpaid interest on the bonds of the Twenty-third Avenue Electric Railway is to be paid in cash. The equipment notes and current indebtedness, incurred because of the operation of the properties, are to be paid in cash.

The bonds of the San Francisco-Oakland Terminal Railways have for the purpose of the reorganization plan been divided into three groups, as follows:

Group I—A.

Oakland, San Leandro and Haywards Electric Railway first mortgage 6s, 1922-----	\$236,000 00	
Twenty-third Avenue Electric Railway first mortgage 6s, 1923-----	229,000 00	
Total -----		\$465,000 00

Group I—B.

Oakland Transit Company first consolidated 6s, 1918 -----	\$1,121,000 00	
Oakland Transit first consolidated 5s, 1931-----	1,595,000 00	
Oakland Transit Consolidated first consolidated 5s, 1932 -----	1,202,000 00	
San Francisco, Oakland and San Jose Railway first mortgage 5s, 1933-----	3,000,000 00	
East Shore and Suburban Railway Company first mortgage 5s, 1940-----	620,000 00	
Total -----		7,538,000 00

Group II.

Oakland Traction Consolidated general consolidated 5s, 1933 -----	\$2,134,000 00	
San Francisco, Oakland and San Jose Railway second mortgage 5s, 1933-----	1,500,000 00	
Total -----		3,634,000 00

Group III.

Oakland Traction Company general consolidated 5s, 1935:		
(a) In hands of public, interest bearing-----	\$3,177,000 00	
(b) Pledged, noninterest bearing-----	1,843,000 00	
San Francisco, Oakland and San Jose Consolidated Railway general consolidated 5s, 1938:		
(a) In hands of public, interest bearing-----	1,587,000 00	
(b) Pledged, noninterest bearing-----	1,413,000 00	
Total -----		8,020,000 00
Grand total -----		\$19,657,000 00

All of the pledged bonds have been deposited under the reorganization plan.

All of the bonds under Group I-A have been deposited under the plan which provides that the owners of the \$236,000 Oakland, San Leandro and Haywards Electric Railway bonds shall receive \$236,000 first mortgage bonds of Oakland and Haywards Railway Company and that the owners of the \$229,000 of Twenty-third Avenue Electric Railway bonds shall receive \$229,000 of first mortgage bonds of East Oakland Railway Company. The unpaid interest on Group I-A bonds is to be paid in cash.

Of the \$7,538,000 bonds under Group I-B, \$7,423,500 have been deposited under the plan. The unpaid interest on the \$7,423,500 of bonds is reported at \$1,527,510.08. The owners of bonds under Group I-B who have deposited their bonds are to receive general refunding fifteen-year bonds of the Key System Transit Company in an amount equal to the face amount of bonds deposited, plus the unpaid interest on such bonds.

Of the \$3,634,000 bonds under Group II, \$3,622,000 have been deposited. The unpaid interest on the deposited bonds is reported at \$724,400. The owners of bonds under Group II who have deposited their bonds will, under the plan, receive 7 per cent cumulative prior preferred stock of Key System Transit Company equal in amount to 75 per cent of the face amount of their bonds and unpaid interest, and 7 per cent cumulative preferred stock equal in amount to 25 per cent of their bonds and unpaid interest.

Group III bonds include \$8,020,000 face value of bonds of which \$7,612,000 has been deposited, including \$3,256,000 pledged. The unpaid interest is reported at \$870,182.80. The owners of bonds under Group III who have deposited their bonds will receive 7 per cent cumulative prior preferred stock of Key System Transit Company equal in amount to 50 per cent of the bonds and unpaid interest, and 7 per cent cumulative preferred stock equal in amount to 50 per cent of the bonds and unpaid interest.

The owners of San Francisco-Oakland Terminal Railways preferred stock, which stock aggregates \$13,050,000, will receive one share of common stock of Key System Transit Company for every four shares of preferred stock of the old company. In addition to the common stock of the new company to be issued in exchange for the preferred stock of the old company, the new company asks permission to issue \$250,000 of common stock in payment of \$229,110 of dividend notes mentioned hereafter.

The holders of bonds in the amount of \$534,000 who have not deposited their bonds will receive in cash their pro rata share of the sale price of the properties at the foreclosure sale. The holders of the

\$15,125,000 of common stock of the San Francisco-Oakland Terminal Railways do not participate in any way in the reorganization plan.

The Commission is asked to authorize the following companies to issue stock and bonds in the following amounts:

A. Key System Transit Company.	
(a) First mortgage fifteen-year bonds.....	\$2,500,000 00
(b) General refunding mortgage fifteen-year bonds.....	8,951,010 08
(c) Seven per cent cumulative prior preferred stock.....	7,500,891 40
(d) Seven per cent cumulative preferred stock.....	5,327,691 40
(e) Common stock	3,512,500 00
B. East Oakland Railways.	
(a) First mortgage fifteen-year bonds.....	229,000 00
(b) Common stock	250,000 00
C. Oakland and Haywards Railway Company.	
(a) First mortgage fifteen-year bonds.....	236,000 00
(b) Common stock	250,000 00

The Key System Securities Company, the fourth company mentioned above, will not own or operate any public utility properties and it may therefore issue its stocks and notes without permission from this Commission. While the securities which the several companies ask permission to issue will, to the amount that they are authorized, be authorized to acquire properties or pay assumed indebtedness, nevertheless we think this opinion should show how such securities will be distributed under the reorganization plan, and the purposes for which the proceeds from the sale of the \$2,500,000 of first mortgage bonds of Key System Transit Company may be used.

We will now take up in the order mentioned the several classes of stocks and bonds and the purposes for which they will be issued or how they will be finally distributed.

The Key System Transit Company asks permission to issue \$2,500,000 of first mortgage bonds and to use the proceeds for the following purposes:

1. To reimburse the Key System Transit Company for the amount paid in cash by the trustees on account of the purchase price of the properties at foreclosure sale.....	\$398,165 02
2. To pay unpaid interest on Twenty-third Avenue Electric Railway first mortgage bonds and Oakland, San Leandro and Haywards Electric Railway first mortgage bonds to July 31, 1923.....	106,377 50
3. To reimburse the Key System Transit Company for the amount paid by the San Francisco-Oakland Terminal Railways in discharge of Oakland Terminal Company tideland notes.....	50,000 00
4. To discharge the following indebtedness of the San Francisco-Oakland Terminal Railways:	
(a) Notes payable to various banks covering moneys borrowed for bond interest.....	69,500 00
(b) Notes payable to Realty Syndicate Company covering moneys borrowed for bond interest.....	10,530 00
(c) Real estate mortgage against Stoer property No. 2.....	22,500 00
(d) San Francisco-Oakland Terminal Railways equipment notes, 5/1/16	50,000 00
(e) Interest on above notes.....	1,000 00

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(f) Ferry equipment trust certificates-----	\$600,000 00
(g) Interest on ferry equipment trust certificates-----	3,850 00
(h) Car equipment trust certificates-----	175,000 00
(i) Interest on car equipment trust certificates-----	1,954 19
5. To repay loans from depreciation fund:	
(a) For two new ferry boats-----	350,000 00
(b) For new Key Route cars-----	89,250 00
6. To reimburse the treasury for the following expenditures made since July 7, 1922:	
(a) Oakland Traction Company equipment bonds-----	33,000 00
(b) Interest on above bonds-----	440 00
(c) San Francisco-Oakland Terminal Railways equipment notes-----	20,000 00
(d) Interest on San Francisco-Oakland Terminal Railways equipment notes-----	3,200 00
(e) American Car Company notes-----	42,516 54
(f) Interest on ferry equipment trust certificates-----	19,211 10
(g) Balance of loan from depreciation fund for new motors---	38,400 00
(h) Interest on loans from depreciation fund—	
On new boat loans-----	13,798 44
On Key Division car loans-----	1,659 83
(i) Interest on loan from depreciation fund for motors-----	848 82
7. To cover part of the cost of 55 new traction division cars-----	300,000 00
Total -----	\$2,401,201 44

We think attention should be called to some of the items appearing in applicants' Exhibit No. 2. The \$398,165.02 consists of two principal items, namely, \$283,561.72 which will be distributed to those bondholders of the San Francisco-Oakland Terminal Railways who did not deposit their bonds under the reorganization plan, while \$114,603.30 represents expenses incident to the foreclosure sale.

The \$114,603.30 is the only expenditure incident to the reorganization which applicants ask to pay through the use of the proceeds obtained from the sale of bonds or stock. In addition to the \$114,603.30 of reorganization expenses there are other reorganization expenses of about \$389,000 which have been paid, or which it is intended to pay, out of the current income of San Francisco-Oakland Terminal Railways or out of the current income of the trustees. It seems to us that the expenditure of the \$114,603.30 added nothing of a tangible nature to the properties formerly owned by the San Francisco-Oakland Terminal Railways. If it did add any properties they are being recognized by the order permitting the Key System Transit Company to issue securities in payment of the properties formerly owned by the San Francisco-Oakland Terminal Railways. The fact that the court determined the amount of such expenditures is not sufficient reason for paying them through the sale of first mortgage bonds. We think that in substance the \$114,603.30 does not differ from the \$389,000 and should be paid out of the current income of the properties and not through the sale of bonds.

During 1919 and prior thereto, the San Francisco-Oakland Terminal Railways was unable to meet its obligations. As a result, the company was informally placed in the control of a set of men constituting the reorganization committee which represented bondholders, other creditors, and stockholders of the company. Since 1919 the reorganization committee has labored to bring about an agreement whereby the properties of the company could be refinanced on a reasonable basis of capitalization. Expenses of reorganization amounting to about \$500,000 have been incurred. The payment of the expenses has in effect been agreed to by all the parties in the reorganization plan. We do not believe that the reorganization expenses should in any manner be a charge against the public or be paid at the expense of proper service to the public. The public was not at fault and can not be held responsible for the financial difficulties of the company. The reorganization became necessary because of the acts of the owners of the property, and such owners should bear the expense of reorganization. Whatever moneys have been or will be expended for the payment of reorganization expenses should be returned through appropriation of moneys available for interest and dividends. The order will require this to be done.

The record shows that the trustees borrowed \$285,561.72 to pay the nonassenting bondholders. This obligation, we think, may properly be assumed by the Key System Transit Company and paid through the issue of first mortgage bonds.

In effecting a settlement with the holders of the tideland notes (Oakland Terminal Company notes), the San Francisco-Oakland Terminal Railways, it appears, advanced \$50,000. The Commission is asked to permit the Key System Transit Company to reimburse its treasury because of a payment made by the San Francisco-Oakland Terminal Railways. We do not think that such a reimbursement is warranted under the terms of the Public Utilities Act. Neither do we think that the Commission is justified in authorizing the Key System Transit Company to reimburse its treasury because of expenditures made by the San Francisco-Oakland Terminal Railways from July 7, 1922, and referred to in paragraph six of applicants' Exhibit No. 2.

The Key System Transit Company did not make any of these expenditures. The items listed under paragraph six of Exhibit No. 2 total \$173,074.73, which sum, added to the \$114,603.30 and \$50,000 already mentioned, makes a total of \$337,678.03. The testimony shows that a contract for the purchase of fifty-five new traction division cars has been entered into and that they will cost approximately \$750,000. In Exhibit No. 2 applicants ask that they be permitted to use \$300,000 obtained from the sale of first mortgage bonds to pay in part for such equipment. The balance due on the equipment, it was stated, would be

paid through the issue of short-term notes which later may be refunded through the issue of equipment trust certificates. We believe that the \$337,677.03 which applicants intended to use to reimburse the treasury of the Key System Transit Company should be used to make an additional payment on the new cars, or used for such other purpose as the Commission may authorize.

The Railroad Commission has heretofore authorized the San Francisco-Oakland Terminal Railways to borrow from its depreciation fund \$350,000 to pay in part the cost of two new ferry boats and \$89,250 to pay in part the cost of fifteen new Key Route cars. These loans were authorized with the understanding that as soon as the properties were refinanced and first mortgage bonds sold, the amounts would be returned to the depreciation fund. The Commission heretofore has also authorized the San Francisco-Oakland Terminal Railways to assume obligations under a lease agreement looking toward the payment of \$600,000 ferry equipment trust certificates and \$175,000 car equipment trust certificates. The company was authorized to enter into these lease agreements provided the equipment trust certificates be refunded within one year after the refinancing of the properties had become effective. The Commission, at the time the orders were made, expected that the company succeeding the San Francisco-Oakland Terminal Railways would, through the issue of its first mortgage bonds, make funds available for the payment of the equipment trust certificates. In addition, there are certain other items of indebtedness aggregating about \$265,711.69 which are to be paid in cash and which we think it is proper that they be paid through the issue of first mortgage bonds of the Key System Transit Company.

The Key System Transit Company asks permission to issue \$8,951,010.08 face value of general and refunding fifteen-year bonds. These bonds will be part of an authorized issue of \$20,000,000. The \$8,951,010.08 of bonds will be issued on a dollar for dollar basis to the holders of bonds and unpaid interest thereon coming under Group I—B, who have deposited their bonds under the reorganization plan. Of the \$8,951,010.08 of bonds \$1,365,810.08 will bear interest at 6 per cent and the remainder, \$7,585,200, at 5 per cent. The general and refunding bonds will bear the same rate of interest as did the bonds for which they will be issued in exchange. Through the exchange of bonds five different bond issues of the old company will be merged into one bond issue of the new company, which will be a second lien on the properties of the Key System Transit Company.

The Key System Transit Company asks permission to issue \$7,500,891.40 of 7 per cent cumulative prior preferred stock and \$5,327,691.40 of 7 per cent cumulative preferred stock. Of the prior preferred \$1,628,000 and of the preferred \$1,628,000 will be pledged to secure in

part the payment of the Key System Securities Company notes, leaving \$5,872,891.40 of prior preferred and \$3,699,691.40 of preferred stock in the hands of the public. Of the \$5,872,891.40 prior preferred \$3,259,800 will be delivered to Group II bondholders and \$2,613,091.40 to Group III bondholders. Of the \$3,699,691.40 of preferred stock \$1,086,600 will be delivered to Group II bondholders and \$2,613,091.40 to Group III bondholders. The record shows that dividends may from the outset be paid on the prior preferred stock, but none on the preferred stock. Dividends can, of course, be paid only if earned and if declared by the board of directors. Group II and Group III bondholders receive no bonds of the new company.

The Key System Transit Company also asks permission to issue \$3,512,500 of common stock, of which \$3,262,500 will be delivered to the holders of preferred stock of San Francisco-Oakland Terminal Railways and \$250,000 issued in exchange for \$229,100 of notes. The reorganization plan provides that there shall be issued forthwith \$2,500,000 of first mortgage bonds, of which the "owners of the new common stock, as a condition of the issuance of such stock to them, shall buy at least \$1,000,000 of such issue at par." Counsel for applicants stated that common stock will be issued to holders of preferred stock of the San Francisco-Oakland Terminal Railways even though they do not purchase first mortgage bonds.

There are outstanding six noninterest bearing notes aggregating \$357,924, executed by the San Francisco-Oakland Terminal Railways in 1914 and representing amounts payable to certain stockholders of the Oakland Traction Company, a predecessor of San Francisco-Oakland Terminal Railways, as dividends declared by said company but not actually paid said stockholders. It appears that the reorganization committee refused to recognize the validity of the notes. One of the notes, amounting to \$128,814, was deposited as collateral to secure the notes issued by the Oakland Railways. When the holders of the Oakland Railways notes foreclosed on the collateral the \$128,814 note was sold. The present holders have agreed to surrender the \$128,814 note. An action was commenced on four other notes aggregating \$145,422 and funds, in bank, of the San Francisco-Oakland Terminal Railways in the amount of \$175,000 were attached immediately prior to the foreclosure sale. A settlement of the claims upon the notes has been arranged by the reorganization committee whereby the holders of \$229,110 of notes will receive in payment therefor \$250,000 of common stock of the Key System Transit Company. It appears that the ownership of the \$128,814 note which the present holders have agreed to cancel is in question. This Commission can not determine the matter of the ownership of the note.

East Oakland Railway Company asks permission to acquire the properties described in applicants' Exhibit No. 7 and issue in payment therefor \$250,000 of common stock and \$229,000 of first mortgage bonds. The properties that are to be transferred to the East Oakland Railway Company are those on which the bonds of the Twenty-third Avenue Electric Railway are a lien. All of the company's stock, except directors' shares, will be issued to the Key System Transit Company, while the bonds will be delivered to the holders of the \$229,000 of Twenty-third Avenue Electric Railway bonds. The bonds of the new company are to be dated July 1, 1923, be payable July 1, 1938, and bear interest at the rate of 6 per cent per annum. The properties of the East Oakland Railway Company will be leased for the term of the life of the bonds to the Key System Transit Company upon the consideration that the lessor pay the unpaid interest on the Twenty-third Avenue Electric Railway bonds up to July 1, 1923, and agree to meet and discharge all obligations of the East Oakland Railway Company as they mature, other than the payment of the principal of the bonds. The lease is to provide that the Key System Transit Company shall have the right at any time when it is not in default under the lease to purchase all the leased property in consideration of its paying the principal of the bonds.

The Oakland and Haywards Railway Company asks permission to acquire the properties described in applicants' Exhibit No. 8. The properties described in such exhibit are those on which the \$236,000 of Oakland, San Leandro and Haywards Electric Railway bonds are a lien. The Oakland and Haywards Railway Company asks permission to issue for the purpose of acquiring such properties \$250,000 of common stock, \$236,000 of first mortgage 6 per cent fifteen-year bonds. All the stock, except directors' shares, will be issued to the Key System Transit Company, while the bonds will be delivered to the holders of the \$236,000 of bonds of the Oakland, San Leandro and Haywards Electric Railway. The properties of Oakland and Haywards Railway Company will be leased to the Key System Transit Company for the term of the life of the bonds upon consideration that the Key System Transit Company pay the unpaid interest due on the bonds of the Oakland, San Leandro and Haywards Electric Railway and agree to meet all obligations of the Oakland and Haywards Railway Company as they mature, other than paying the principal of the bonds. The lease is to provide that the Key System Transit Company shall have the right at any time when it is not in default under the lease, to purchase the leased property on consideration of its paying the principal of the bonds.

The record shows that arrangements have been made for the retirement of the bonds of the East Oakland Railway Company and the

Oakland and Haywards Railway Company. When the bonds are paid the properties of these two companies will be transferred to the Key System Transit Company. Under the facts submitted we do not see any need for the issue of \$250,000 of stock of each of the subsidiary companies. We think a nominal issue of \$10,000 by each company will secure control of the properties to the Key System Transit Company as well as a larger amount.

There was a great deal of the time at the hearing devoted to an examination of witnesses for the purpose of establishing what the reorganization plan really accomplishes. The evidence has been analyzed and there is no doubt in our minds but that the capitalization of the new company will be far more conservative than that of the old company. It may not be an ideal capitalization, but we think it to be a practical one under which service can be extended and improved.

The stock, bonds and other funded indebtedness of the San Francisco-Oakland Terminal Railways was about \$48,000,000, exclusive of the "Halsey" and "tideland" notes, which notes total \$3,600,000. The "tideland" notes (Oakland Terminal Company notes) have been paid through the sale of the tidelands. The "Halsey" notes (Oakland Railway notes) will be refunded through notes issued by Key System Securities Company. The capitalization—stocks and bonds—to be issued by the Key System Transit Company and bonds of East Oakland Railway Company and Oakland and Haywards Railway Company total \$28,257,092.88. This includes \$3,458,800 of stock that will be pledged to secure the payment of the notes issued by Key System Securities Company. If such pledged stocks as will come back to the company's treasury, when the notes are paid, are excluded and the notes included, the capitalization amounts to \$27,251,092.88. The reduction in capitalization is brought about by eliminating \$15,125,000 of common stock of San Francisco-Oakland Terminal Railways and by the exchange of \$13,050,000 of preferred stock of the old company for \$3,262,500 of common stock of Key System Transit Company. Bonds to the amount of \$11,654,000 of San Francisco-Oakland Terminal Railways are exchanged for \$12,828,582.80 of prior preferred and preferred stock of Key System Transit Company. Equipment trust certificates amounting to \$825,000 and calling for annual payments on the principal ranging from \$96,000 in 1924 to \$78,000 in 1932 are paid through the issue of first mortgage fifteen-year bonds. Holders of \$7,538,000 of bonds of the old company give up any first liens they may have on the properties so that a new \$10,000,000 first mortgage may be executed. Initially \$2,500,000 of the first mortgage bonds will be sold. The interest charges of the old company during 1921 were \$1,090,143.33; during 1922, \$1,049,336.03. These amounts are exclusive of the interest on the Oakland Terminal Company (tideland) notes.

The interest charges of the new company at the outset will be \$795,888.61. This includes \$150,000 of interest on new \$2,500,000 first mortgage bonds, of which at least \$1,851,000 will be issued to acquire new properties or refund indebtedness on which no interest was charged during 1921 or 1922.

The reorganization plan recites that a voting trust of the stock of the Key System Transit Company, which voting trust shall be operative for seven years, will be created and shall be accepted by all stockholders of the company. The plan further provides for a board of directors of fifteen members, four of which are to represent the bondholders, eight the preferred stockholders and three the common stockholders of the Key System Transit Company. This Commission will not direct any stockholder to deposit his stock under a voting trust or direct that the bondholders be given a direct voice in the management of the properties. If the stockholders wish to surrender any of their usual rights, the Commission will interpose no objections. Whether a voting trust is created or not, the Commission expects the properties to be operated primarily in the interest of the public.

Applicants will hereafter file with the Commission copies of the several lease agreements and copies of the several mortgages which they intend to execute and will ask authority to execute such instruments.

ORDER.

Application having been made to the Railroad Commission for an order authorizing the transfer and lease of public utility properties, the execution of mortgages, the issue of stocks and bonds and the carrying into effect the reorganization plan of the San Francisco-Oakland Terminal Railways, a copy of which is filed in this proceeding as applicants' Exhibit No. 1, a public hearing having been held and the Commission having considered the evidence, hereby orders as follows:

1. Hugh Goodfellow, Warren Olney, and W. I. Brobeck, as trustees, may transfer the properties described in applicants' Exhibit No. 7 to East Oakland Railway Company, which company may acquire said properties and issue in payment therefor not exceeding \$10,000 par value of common capital stock and not exceeding \$229,000 of first mortgage fifteen-year 6 per cent bonds, provided that none of said bonds be issued until the Railroad Commission has by supplemental order authorized the East Oakland Railway Company to execute a mortgage to secure the payment of the bonds.

2. Hugh Goodfellow, Warren Olney, and W. I. Brobeck, as trustees, may transfer the properties described in applicants' Exhibit No. 8 to the Oakland and Haywards Railway Company, which company may acquire said properties and issue in payment therefor not exceeding \$10,000 par value of common capital stock and not exceeding \$236,000

of first mortgage fifteen-year 6 per cent bonds, provided that none of said bonds be issued until the Commission by supplemental order has authorized the Oakland and Haywards Railway Company to execute a mortgage to secure the payment of the bonds.

3. Hugh Goodfellow, Warren Olney, and W. I. Brobeck, as trustees, may transfer to the Key System Transit Company and said Key System Transit Company may acquire all the properties purchased by said trustees at the foreclosure sale, to which reference is made in this decision, together with the rights, issues and profits thereof except (a) such properties as are to be transferred to the East Oakland Railway Company and the Oakland and Haywards Railway Company; (b) such properties as are to be used in settlement of the balance due the Realty Syndicate; (c) such amounts as said trustees may have expended in the maintenance, improvements and operation of the properties, in the retirement of obligations of San Francisco-Oakland Terminal Railways, in otherwise properly discharging the duties of the trustees of said properties or in meeting the expenses of reorganization or otherwise carrying out the reorganization plan.

4. The Key System Transit Company, in order to pay for the properties mentioned in paragraph three of this order, to pay indebtedness and to acquire additional properties, may issue the following amounts of bonds and stock:

(a) First mortgage fifteen-year bonds-----	\$2,500,000 00
(b) General refunding mortgage fifteen-year bonds-----	8,951,010 08
(c) Seven per cent cumulative prior preferred stock-----	7,500,891 40
(d) Seven per cent cumulative preferred stock-----	5,327,691 40
(e) Common stock -----	3,512,500 00

Provided, that none of the bonds be issued until the Commission has by supplemental order authorized the Key System Transit Company to execute mortgages to secure the payment of the bonds, and provided further that none of the first mortgage bonds be sold until the Commission by supplemental order has fixed the price at which such bonds may be sold and the purposes for which the proceeds may be used, and provided further that the par or market value of such bonds and stock be not urged as the value of the properties for any purpose other than the transfer herein authorized.

5. Key System Transit Company may acquire all of the stock except directors' shares of the East Oakland Railway and of the Oakland and Haywards Railway Company, but shall not dispose of such stock except as authorized by the Railroad Commission.

6. Key System Transit Company may guarantee the interest up to but not after maturity on the 6 per cent notes of the Key System Securities Company, in the amount of \$2,500,000, to be issued by that company in retirement of the notes (Halsey) of the Oakland Railways

and in return for such guarantee acquire all of the stock of Key System Securities Company except directors' shares. Any stock of the Key System Transit Company that will be pledged to secure the payment of the \$2,500,000 of notes of the Key System Securities Company shall, when returned to the Key System Transit Company because of the payment of the \$2,500,000 of notes, be disposed of only in such manner as may be authorized by the Railroad Commission.

7. Key System Transit Company may assume such indebtedness of the San Francisco-Oakland Terminal Railways and of the trustees as the Commission will hereafter indicate by supplemental order.

8. The authority herein granted to issue bonds will not become effective until applicants have filed with the Railroad Commission a stipulation in satisfactory form in which the Key System Transit Company agrees to appropriate within a period of three years after the date of this order, from its moneys available for the payment of interest and dividends, approximately \$500,000 or such sum of money as shall equal the reorganization expenses, and expend such appropriation for the acquisition of properties and the improvement of service, and further agrees not to use said expenditures as a basis for the issue of stock, bonds or other evidences of indebtedness.

9. The trustees shall file with the Commission a stipulation providing that the Commission may, by order, substitute or join them as parties defendant in any matter or matters now pending before the Commission in which the San Francisco-Oakland Terminal Railways is a party defendant; that upon and after the making and filing of such order by the Commission, decision upon such matter or matters may be rendered upon the record now before the Commission, and that any decision which may be rendered by the Commission in such matter or matters upon such record shall and may run in favor of or against them, and each of them, in like manner and to the same degree and effect as such decision would have run in favor of or against said San Francisco-Oakland Terminal Railways.

In any conveyance of the properties here in question, or any of them, by the trustees, or either of them, it shall be provided that such conveyance is made expressly subject to the right of the Commission, by order, to substitute or join any grantee or beneficiary of said conveyance, or any of them, as party or parties defendant in any matter or matters now pending before the Commission in which the San Francisco-Oakland Terminal Railways is a party defendant; that upon and after the making and filing of such order by the Commission, decision upon such matter or matters may be rendered upon the record now before the Commission, and that any decision which may be rendered by the Commission in such matter or matters upon such record shall and may run in favor of or against them, and each of them, in like

manner and to the same degree and effect as such decision would have run in favor of or against said San Francisco-Oakland Terminal Railways.

10. Key System Transit Company, East Oakland Railway and Oakland and Haywards Railway Company shall file reports with the Commission, as required by the Commission's General Order No. 24, which order is hereby made a part of this order.

11. Key System Transit Company, East Oakland Railway and Oakland and Haywards Railway Company shall file with the Railroad Commission, as soon as possible, a copy of the deed under which they acquired and hold title to the properties which they are herein authorized to purchase.

12. The authority herein granted will not become effective until the fee prescribed by section 57 of the Public Utilities Act has been paid. The authority herein granted to issue stocks and bonds will expire on June 30, 1924.

Dated at San Francisco, California, this fourteenth day of December, 1923.

DECISION No. 12932.

IN THE MATTER OF THE APPLICATION OF THE MANTECA WATER WORKS, OF MANTECA, CALIFORNIA, A CORPORATION, AND THE COMMERCIAL AND SAVINGS BANK OF STOCKTON, A CALIFORNIA BANKING CORPORATION, FOR AN ORDER: (A) PERMITTING A LOAN TO BE MADE BY SAID WATER WORKS AND THE ENCUMBRANCE OF PROPERTY BELONGING TO SAID WATER WORKS NECESSARY FOR THE PERFORMANCE BY IT OF ITS DUTY TO THE PUBLIC; (B) AUTHORIZING SAID WATER WORKS TO MAKE CERTAIN EXTENSIONS AND IMPROVEMENTS; (C) ESTABLISHING THE RIGHT OF SAID WATER WORKS TO MAKE EXTENSIONS WITHIN THE CITY OF MANTECA, WITHOUT FIRST OBTAINING A CERTIFICATE OF PUBLIC CONVENIENCE FROM THIS COMMISSION; AND (D) AUTHORIZING SAID COMMERCIAL AND SAVINGS BANK TO LOAN MONEY TO SAID MANTECA WATER WORKS AND RECEIVE FROM IT ITS NOTE SECURED BY AN ENCUMBRANCE ON PROPERTY NECESSARY IN THE PERFORMANCE BY SAID WATER WORKS OF ITS DUTY TO THE PUBLIC.

Application No. 9546.

Decided December 17, 1923.

Guard C. Darrah, for Applicant.

BY THE COMMISSION.

OPINION.

In this application the Railroad Commission is asked to make an order authorizing the Manteca Water Works to execute a deed of trust to secure the payment of notes in the aggregate amount of \$17,000 and to authorize the company to issue one-year 7 per cent notes in said

amount for the purpose of liquidating indebtedness and paying for additions and betterments.

The indebtedness which applicant asks permission to pay consists of three notes aggregating \$9,000, payable to the Bank of Martinez. These notes are all overdue and the bank has requested applicant to pay the same. The record shows that the money obtained through the issue of the \$9,000 of notes was expended for additions and betterments to applicant's water system.

The testimony shows that in the outlying districts served by applicant it has not, during the summer season, been able to give proper and adequate service. Some of its present pumping equipment is inefficient, resulting in low pressure in the outlying districts. Applicant intends to acquire new pumping equipment which, in place, is estimated to cost \$4,530.

Applicant's superintendent believes that with new pumping equipment installed satisfactory service can be given during the coming summer season. In addition to installing new pumping equipment, applicant expects to expend \$3,470 for meters and other installation. At the present time applicant serves about 400 consumers, of which 60 are on a meter basis.

Applicant has arranged to borrow \$17,000 from the Commercial and Savings Bank of Stockton. The payment of the money borrowed from such bank will be secured by a deed of trust covering all of applicant's properties now owned or hereafter acquired. The deed of trust will be executed to Edward F. Harris and John Raggio, both of whom are officers of the Commercial and Savings Bank of Stockton. Under the deed of trust the bank reserves the right, by resolution of its board of directors, from time to time, to appoint other trustees.

Initially, applicant will issue to the bank its note for \$9,000. The money thus obtained will be used to pay the \$9,000 of notes due the Bank of Martinez. As applicant proceeds with the installation of its pumping equipment and the metering of its system, the bank will make additional advances to the amount of not exceeding \$8,000.

The \$17,000 which applicant asks permission to borrow from the Commercial and Savings Bank of Stockton will be substantially the only indebtedness of applicant.

The Commission has upon two occasions caused its engineers to make an appraisal of the properties of applicant. In Decision No. 8659, which was a rate decision, the original cost of the properties in the beginning of 1921 was estimated at \$50,714. That amount was used as a rate base. By Decision No. 11744, dated March 2, 1923, the Commission determined the just compensation which should be paid by the city of Manteca for the properties of applicant. The amount deter-

mined by the Commission was \$56,500. The city has not yet acquired applicant's property.

For 1921 applicant's operating revenues less operating expenses amounted to \$1,844.76 and for 1922 to \$3,843.65. For the ten months ending October 31, 1923, applicant's net operating revenues are reported at \$2,186.78. The earnings of applicant are sufficient to pay the interest on the notes which it intends to issue.

Applicant may make the extensions and improvements described in this application without first having obtained from the Commission a certificate declaring that public convenience and necessity require the installation of the extensions and improvements.

ORDER.

Manteca Water Works having asked permission to execute a deed of trust and to issue \$17,000 of notes, a public hearing having been held before Examiner Fankhauser and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for by such issue is reasonably required by applicant and that the expenditures herein authorized are not in whole or in part reasonably chargeable to operating expenses or to income;

It is hereby ordered, that the Manteca Water Works be and it is hereby authorized to execute a deed of trust substantially in the same form as the deed of trust filed in this proceeding and marked "Applicant's Exhibit I," provided that the authority herein granted to execute a deed of trust is for the purpose of this proceeding only and is granted in so far as this Commission has jurisdiction under the terms of the Public Utilities Act and is not intended as an approval of such deed of trust as to such other legal requirements to which said deed of trust may be subject.

It is hereby further ordered, that the Manteca Water Works be and it is hereby authorized to issue, at not less than par, one-year notes in the aggregate amount of \$17,000, said notes to bear interest at not to exceed 7 per cent per annum.

The proceeds obtained from the sale of the notes shall be used for the following purposes:

(a) To pay notes due the Bank of Martinez-----	\$9,000 00
(b) To acquire and install new pumping equipment, approximately	4,530 00
(c) To acquire and install meters, approximately-----	3,470 00
Total -----	\$17,000 00

The authority herein granted is subject to further conditions as follows:

1. Applicant shall keep such record of the issue of notes herein authorized and of the disposition of the proceeds as will enable it to file

on or before the twenty-fifth day of each month a verified report, as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

2. The authority herein granted will not become effective until applicant has paid the minimum fee prescribed by section 57 of the Public Utilities Act, which fee amounts to \$25.

3. The authority to issue notes will apply only to such notes as may be issued on or before September 1, 1924.

Dated at San Francisco, California, this seventeenth day of December, 1923.

DECISION No. 12933.

IN THE MATTER OF THE APPLICATION OF THE HAINES CANYON WATER COMPANY, A CORPORATION, TO INCREASE ITS BONDED INDEBTEDNESS.

Application No. 9398.

Decided December 17, 1923.

Evans and Pearce, by *W. E. Evans*, for Applicant.

BY THE COMMISSION.

OPINION.

Haines Canyon Water Company asks the Railroad Commission for an order authorizing it to execute a trust deed and to issue \$110,000 of first mortgage 7 per cent bonds due December 1, 1943. The company asks permission to deliver \$30,000 of bonds in exchange for a like amount of bonds now outstanding and to sell \$80,000 at not less than 92 per cent of face value plus accrued interest for the purpose of financing the cost of additions and betterments and of paying current indebtedness.

A public hearing on the application was held by Examiner Williams in Los Angeles.

Haines Canyon Water Company is engaged in supplying water for domestic and irrigation purposes in Tujunga, Los Angeles County. On December 31, 1919, it reported 282 consumers; on December 31, 1920, 546 consumers; on December 31, 1921, 913 consumers; on December 31, 1922, 1170 consumers, and on September 30, 1923, 1376 consumers. For the year ending December 31, 1922, applicant reports operating revenues of \$23,471.93, operating expenses of \$19,023.43, and the balance available for interest on funded debt as \$4,448.50. After paying interest and making other deductions from income it reports net profit for the year of \$1,839.24. For the eight months ending August 31, 1923, operating revenues of \$22,718.61 are reported, operating expenses of \$13,245.90, and balance available for interest as

\$9,472.71. Net profit for the eight months period is reported at \$6,592.33. It estimates its operating revenues for 1924 at \$38,812, its operating expenses at \$23,212, and balance available for interest at \$15,600. Applicant's assets and liabilities, as of August 31, 1923, are reported as follows:

<i>Asset Accounts.</i>	
Fixed capital	\$205,413 00
Cash	248 20
Accounts receivable	8,527 54
Material and supplies	675 29
Prepayments	249 48
Other asset accounts	15 00
Deficit	11,165 97
Total asset accounts	\$226,294 48

<i>Liability Accounts.</i>	
Capital stock	\$100,000 00
Bonds	30,000 00
Accounts payable	12,585 46
Notes payable	6,300 00
Consumers' deposits	4,938 38
Advances for construction	14,122 83
Extension capital	41,525 72
Accrued interest and taxes	1,367 40
Reserve for accrued depreciation	15,454 69
Total liability accounts	\$226,294 48

The \$30,000 of bonds shown in the foregoing balance sheet constitute a closed first mortgage on applicant's properties. They bear interest at 7 per cent per annum, are dated April 1, 1920, mature April 1, 1930, and were issued pursuant to authority granted by Decision No. 7278, dated March 17, 1920, to pay for additions and betterments. Applicant is of the opinion that it is advisable to retire these bonds and provide for a larger issue. For this reason it asks permission to deliver \$30,000 of the bonds herein applied for in exchange for the \$30,000 of bonds outstanding. It reports that it has made arrangements for the exchange of bonds on a basis of par for par.

The current liabilities, including notes payable of \$6,300, extension capital of \$41,525.72, consumers' advances of \$14,122.83, and accounts payable of \$12,585.46, represent, according to testimony herein, moneys borrowed to pay for extensions, additions and betterments installed prior to August 31, 1923, and consisting in general of pipe lines, pumping equipment, meters and services. It is now desired to use proceeds from the sale of bonds to pay in part these outstanding obligations. Applicant also asks permission to use any proceeds not needed at this time to pay indebtedness to finance the cost of additions and betterments, it being estimated that approximately \$12,000 must be expended during the next twelve months to take care of the increased demand for service.

A copy of the proposed trust deed securing the payment of the bonds has been filed with the application. The form of such trust deed, however, is not entirely satisfactory, and the order herein will therefore provide that no bonds shall be delivered until a trust deed satisfactory in form to the Railroad Commission has been filed and a supplemental order made authorizing its execution.

ORDER.

Haines Canyon Water Company having applied to the Railroad Commission for permission to execute a trust deed and to issue and sell \$110,000 of bonds, a public hearing having been held, and the Railroad Commission being of the opinion that the application should be granted as herein provided and that the money, property or labor to be procured or paid for through the issue and sale of such bonds is reasonably required by applicant for the purpose or purposes specified herein; and the expenditures for such purpose and purposes are not in whole or in part reasonably chargeable to operating expenses or to income;

It is hereby ordered, that Haines Canyon Water Company be and it is hereby authorized to issue \$110,000 of its first mortgage 7 per cent bonds, due December 1, 1943.

The authority herein granted is subject to the following conditions:

1. Of the bonds herein authorized \$30,000 shall be delivered in exchange for the \$30,000 of bonds now outstanding on a basis of par for par.
2. The remaining \$80,000 of bonds may be sold at not less than 92 per cent of face value plus accrued interest and the proceeds used to pay in part the current liabilities referred to in the foregoing opinion or to finance the cost of extensions, additions and betterments to applicant's plants and properties.
3. Applicant shall keep such record of the issue, sale and delivery of the bonds herein authorized and of the disposition of the proceeds as will enable it to file on or before the twenty-fifth day of each month a verified report, as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.
4. The authority herein granted will become effective when the Railroad Commission has made an order authorizing the execution of a trust deed securing the payment of the bonds herein authorized and when applicant has paid the fee prescribed by section 57 of the Public Utilities Act, which fee is \$80. Such authority will expire on June 30, 1924.

Dated at San Francisco, California, this seventeenth day of December, 1923.

DECISION No. 12936.

IN THE MATTER OF THE APPLICATION OF RICHMOND-SAN FRANCISCO TRANSPORTATION COMPANY, FOR AN ORDER AUTHORIZING THE ISSUE OF STOCK AND STOCK CERTIFICATES.

Application No. 9472.

Decided December 17, 1923.

Preston and Duncan; Sanborn, Roehl and DeLancey C. Smith by John W. Preston and Arthur Roehl, respectively, for Applicant.

Elmer E. Robinson, for Ellis Landing and Dock Company and San Francisco-Richmond Ferry Company.

A. L. Whittle, for trustees owning property formerly owned by San Francisco-Oakland Terminal Railways.

Philip L. Keller, for Six Minute Ferry Company.

WHITTLESEY, Commissioner.

OPINION.

The Richmond-San Francisco Transportation Company asks permission to issue and sell 4250 shares (\$425,000 par value) of its stock at par on a basis to net 85 per cent of the par value and use the net proceeds to pay in part the cost of a ferry boat, construct terminal facilities, and provide itself with working capital.

The Commission by its decision in Application No. 9430 granted Richmond-San Francisco Transportation Company the right to operate ferry boats between San Francisco and Richmond. Reference is hereby made to that decision for the manner in which such business, and the terminals between which such business, may be conducted.

Richmond-San Francisco Transportation Company intends to have constructed for it by the Bethlehem Shipbuilding Corporation, Ltd., Union Plant, San Francisco, a steel double-ended screw auto ferry boat having the following dimensions:

Length over all	246'- 0"
Length of steel hull	243'- 0"
Breadth over guards	63'- 6"
Breadth of steel hull	44'-10"
Depth at side	19'-21"

More detailed particulars of the boat appear in applicant's Exhibit No. 3. The cost of the boat is, in applicant's Exhibit No. 2, reported at \$503,000. This does not include carpets, curtains, musical instruments, bedding, safes, cooking and baking utensils and steward's outfit. It does, however, include the cost of installing the items just mentioned.

Applicant will have to build its terminal facilities in Richmond. The cost of such facilities is estimated in applicant's Exhibit No. 1 at \$49,869, and consists of the following:

Dredging 8200 yards at 50 cents-----	\$4,100 00
Creosoted piles, 473 60' at 80 cents-----	22,704 00
Green piles, 10 40' at 20 cents-----	80 00
Driving piles, 483 at \$9-----	4,347 00
Timber, 110.332 M. B. M. at \$34-----	3,751 00
Framing, 110.332 M. B. M. at \$26-----	2,869 00
Drifts, bolts, etc., 8100 pounds at 8 cents-----	648 00
Apron, lifting gear-----	2,000 00
Building-----	1,300 00
Total net cost-----	\$41,799 00
Profit, 15 per cent-----	6,270 00
	\$48,069 00
Engineering-----	1,800 00
	\$49,869 00

In addition to the foregoing terminal expenses applicant estimates that it will have to expend approximately \$10,000 for a platform scale and other improvements. For advertising, road signs and information to the public applicant intends to expend \$5,000. For working capital it asks for an allowance of \$31,250.

It is of record that applicant will conduct its business on a cash basis. We see no need for a working capital of \$31,250 to be provided for through the issue of stock. There are, however, certain supplies for the boat which must be acquired by applicant and which are not covered by the contract price of the boat. We think that the \$31,250 should be used to purchase such supplies and provide applicant with working capital. To summarize: The cost of establishing applicant's business with one boat in operation is reported as follows:

Contract price for boat-----	\$503,000 00
Estimated cost of slip, etc.-----	49,869 00
Platform scale, buildings, etc.-----	10,000 00
Advertising-----	5,000 00
Supplies for boat mentioned above and working capital-----	31,250 00
	\$599,119 00

The builder of the boat asks that one-half of the contract price be paid on or before the delivery of the boat. The remaining half is payable during a period of eighteen months after the delivery of the boat in approximately eighteen monthly instalments with interest at the rate of 6 per cent per annum. The builder will have a lien on the boat until he has received full payment for such boat.

It is of record that the stock of the Richmond-San Francisco Transportation Company, a California corporation, will be sold to the Richmond and San Francisco Transportation Company, a Delaware corporation. The Public Utilities Act prohibits the Delaware corporation from transacting public utility business in this state, or owning any license, permit or franchise to own, control, operate or manage any

public utility business in this state. The stock of the Delaware corporation is being sold under a permit obtained from the Commissioner of Corporations. Regardless of how much stock of the Delaware corporation may be sold, the affairs of such corporation under its present form of capitalization will be under the control of A. H. Draughon and his associates. Inasmuch as all of the stock of the California corporation, except shares necessary to qualify directors, will be owned by the Delaware corporation, A. H. Draughon and his associates will control the California corporation.

Applicant asks permission to issue and sell \$425,000 par value of its common capital stock and sell the same at par for the sum of \$425,000. It requests permission to use 15 per cent of the proceeds realized from the sale of the stock to pay commissions and other costs in connection with the sale of the stock. The remainder of the proceeds it intends to use to pay in part for the acquisition and construction of its boat, terminal and other properties. There was no satisfactory showing made that it is necessary for applicant to expend 15 per cent of the proceeds realized from the sale of its stock to pay commissions and costs of selling such stock. The fact that the Commission may, in some other proceeding, have authorized the expenditure of such an amount is not sufficient cause for allowing a similar amount in this case. Each case is determined on its own particular set of facts and circumstances.

Applicant in its Exhibit No. 5 estimates its operating revenues and expenses as follows:

<i>Revenues.</i>	
Automobiles	\$133,170 00
Passengers—automobiles	79,902 00
Passengers—foot	35,512 00
Trucks	13,317 00
Freight in tons.....	26,634 00
Total operating revenue.....	\$288,535 00
Less operating expenses.....	194,437 00
Net operating revenue.....	\$94,098 00

The Commission has made no estimate of applicant's operating revenues and expenses.

The granting of this application is opposed by the Ellis Landing and Dock Company and the San Francisco-Richmond Ferry Company. Neither of these companies is now engaged in the ferry business. Counsel for these companies requested time to file a brief. The request was granted but no brief has been filed. The objections raised at the hearing have been considered. None of them seem to us to afford sufficient ground for the denying of this application.

I herewith submit the following form of order:

ORDER.

Richmond-San Francisco Transportation Company having applied to the Railroad Commission for permission to issue \$425,000 of common stock, a public hearing having been held and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for through the issue and sale of stock is reasonably required by applicant and that this application should be granted as herein provided; therefore

It is hereby ordered, that the Richmond-San Francisco Transportation Company be and it is hereby authorized to issue and sell for cash, at not less than par, \$425,000, par value, of its common capital stock. The proceeds shall be used for the following purposes:

(1) To pay part of the cost of boat, or evidence of indebtedness executed to acquire the boat, referred to in this application.....	\$328,881 00
(2) To construct slip and appurtenances (applicant's Exhibit No. 1), not exceeding	49,869 00
(3) To acquire platform scale and construct building, not to exceed.....	10,000 00
(4) To purchase supplies for boat which owners must provide (Exhibit No. 3) and provide working capital, not exceeding.....	36,250 00
	<hr/>
	\$425,000 00

Any proceeds not necessary for any of the foregoing purposes may be expended by applicant only for such purposes as the Commission may hereafter authorize.

It is hereby further ordered, that the Richmond-San Francisco Transportation Company be and it is hereby authorized to execute a contract for the construction of the boat described in this application, the terms of such contract to be substantially the same as reported to the Commission in this proceeding.

The authority herein granted is subject to further conditions as follows:

1. Applicant shall file with the Commission a copy of the contract herein authorized to be executed, such copy to be filed as soon as the contract is executed.

2. Applicant shall file with the Railroad Commission reports required by the Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order. In addition to the information required to be filed by the Commission's General Order No. 24, applicant shall file with the Commission a statement showing the address of each and every person buying stock, the issue of which is authorized by this order.

3. The authority herein granted will become effective when applicant has paid the fee prescribed by section 57 of the Public Utilities Act, which fee is \$503. The authority will expire October 1, 1924.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this seventeenth day of December, 1923.

DECISION No. 12937.

IN THE MATTER OF THE APPLICATION OF RICHMOND-SAN FRANCISCO TRANSPORTATION COMPANY FOR CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY TO OPERATE ONE STEAMBOAT FOR THE TRANSPORTATION OF AUTOMOBILES, PASSENGERS AND FREIGHT FOR COMPENSATION, BETWEEN POINTS UPON THE INLAND WATERS OF THE STATE OF CALIFORNIA.

Application No. 9430.

Decided December 17, 1923.

Preston and Duncan, by *John W. Preston*, and *Sanborn, Roehl and Delancey C. Smith*, by *Arthur B. Roehl*, for Applicant.
Gwynn H. Baker, for Richmond Navigation and Improvement Company, Protestant.
Elmer E. Robinson, for San Francisco and Richmond Ferry Company and Ellis Landing and Dock Company, Protestants.
B. Levy, for Atchison, Topeka and Santa Fe Railway Company, Protestant.
F. W. Mielke, for Southern Pacific Company.
G. A. Corbett, for San Francisco-Oakland Terminal Railways.
Raymond Benjamin, for Monticello Steamship Company.
W. W. Scott and *J. A. McBittie*, for City of Richmond.
J. S. P. Dean, for Bay and River Boat Owners Association.
H. W. Pulse, Stockholder San Francisco-Richmond Ferry Company.
O. Ludwig, for O. R. Ludwig, Stockholder San Francisco-Richmond Ferry Company.

WHITTLESEY, Commissioner.

OPINION.

In this proceeding the Richmond-San Francisco Transportation Company, a corporation, petitions the Railroad Commission for a certificate of public convenience and necessity authorizing the operation of a steamship line as a common carrier of passengers, automotive-driven and horse-drawn vehicles of all kinds between San Francisco and Richmond, California.

Applicant proposes to have its ferry boat leave Richmond at 6 a.m. and every 90 minutes thereafter to and including 10.30 p.m., and to leave San Francisco at 6.45 a.m. and every 90 minutes thereafter to and including 11.15 p.m. One ferry boat is to be used in the proposed service and rates to be charged are as more fully set forth in Exhibit "D" attached to the application herein. The proposed schedule of rates was amended at the hearing to eliminate Items 16, 17 and 19, covering stock and loose freight not on vehicles, it being the intention of applicant to handle only passengers, automotive vehicles, trailers and horse-drawn vehicles carrying freight or passengers.

The application was protested by existing boat lines and railroads. Certain of these protestants withdrew when the application was amended to eliminate the handling by applicant of freight not on vehicles.

The Atchison, Topeka and Santa Fe Railway Company operates a ferry between San Francisco and Richmond, but this ferry is operated only when necessary to connect with the main line trains of the railroad company and it does not carry vehicles of any nature.

The Monticello Steamship Company's protest was not to the effect that a necessity did not exist for the service, in fact this protestant contended that a necessity did exist for automotive ferry service between the points proposed to be served by this applicant, but that the Monticello Company and not the applicant should be granted such a certificate. In that no proper application has been filed by the Monticello Steamship Company for a certificate, no certificate could be granted to them in connection with the formal proceeding filed by this applicant.

The San Francisco-Richmond Ferry Company protested the granting of the application upon the ground that such corporation had heretofore been authorized to issue stock by the Railroad Commission for the purpose of constructing and operating a ferry between San Francisco and Richmond. This authorization, however, to issue stock has expired and this protestant has not at any time acquired a ferry boat or rendered service between the points above named. Further, several of the stockholders of the San Francisco-Richmond Ferry Company appeared at the hearing and stated that they were in favor of the present applicant being granted a certificate to render service as proposed instead of the company in which they had purchased stock.

A number of witnesses were called who testified in behalf of applicant. All of this testimony was to the effect that the city of Richmond was badly in need of the ferry service as proposed by the applicant herein. I do not think it necessary to review this evidence in detail as the record in this proceeding shows conclusively that a public necessity exists for the establishment of automotive ferry service between San Francisco and Richmond and an order will be entered accordingly.

I submit the following form of order:

ORDER.

A public hearing having been held in the above entitled application, evidence having been submitted and the Commission being fully advised:

The Railroad Commission of the State of California hereby declares that present and future public convenience and necessity require the operation by Richmond-San Francisco Transportation Company, a corporation, of ferry service for the transportation of passengers, auto-

motive vehicles, horse-drawn vehicles, trailers and passengers or freight contained therein; and,

It is hereby ordered, that a certificate of public convenience and necessity be and the same hereby is granted, subject to the following conditions:

1. Applicant shall file within a period of not to exceed thirty (30) days from date hereof, its written acceptance of the certificate herein granted; shall file within a period of not to exceed sixty (60) days from date hereof, tariff of rates, identical with the tariff of rates set forth in Exhibit "D," attached to the application herein, as amended, and shall commence service under the certificate herein granted within a period of not to exceed two hundred (200) days from date hereof, unless such time is formally extended by supplemental order.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this seventeenth day of December, 1923.

DECISION No. 12938.

IN THE MATTER OF THE APPLICATION OF CENTRAL NATURAL GAS COMPANY TO SELL AND WESTERN STATES GAS AND ELECTRIC COMPANY TO BUY CERTAIN GAS WELLS AND A CERTAIN DISTRIBUTION SYSTEM AND BUSINESS IN THE CITY OF STOCKTON.

Application No. 9411.

Decided December 17, 1923.

Nutter, Hancock and Rutherford; Chickering and Gregory, by Evan Williams, for Applicants.

MARTIN, Commissioner.

OPINION.

Central Natural Gas Company asks permission to sell for \$85,000 its properties described in Exhibit No. 3 to Western States Gas and Electric Company which joins in the application and which asks permission to purchase said properties.

The properties consist of real estate, a gas well, mains, services and meters. The real estate is described as follows:

South one half of lots 9 and 11 and a portion of lot 7, block 74, east of Center street; and lot 5, block 71, east of Center street.

The present value of the real estate is submitted at \$34,000. The historical cost of the well, which is 2800 feet in depth, is reported at \$36,030. The historical cost of the meters is reported at \$4,375.61, of the services at \$2,832.42, and of the mains at \$8,687.97, making a total estimated his-

torical cost for all the properties, plus the present value of the real estate, of \$85,925.

The Central Natural Gas Company was organized in 1889. Since then it has been engaged in the business of producing natural gas from wells owned by it in the city of Stockton and distributing natural gas in a small portion of the city bounded on the north by Oak street, on the east by Grant street, on the south by Miner avenue and on the west by El Dorado street. The company serves about 430 consumers. Its present well produces about 40,000 cubic feet per day. For a period of years past the company has made no extensions. Even though no extensions have been made, the company at present finds it difficult to supply to its consumers during peak hours a sufficient quantity of gas. This situation has come about because formerly applicant's consumers used gas primarily for cooking purposes only, while now some of the company's consumers use gas for heating purposes as well.

The service given by the Central Natural Gas Company has not been entirely satisfactory because of lack of pressure, lack of storage capacity and the inability to repair promptly defective meters or leaking mains. Surplus gas that collects during the night is sold to the Western States Gas and Electric Company. During the peak hours the Central Natural Gas Company finds it necessary to purchase gas from the Western States Gas and Electric Company. It is also dependent upon the Western States Gas and Electric Company to repair meters and look after other maintenance work. In fact, without the assistance of the Western States Gas and Electric Company the Central Natural Gas Company could not operate.

The record shows that upon the acquisition of the properties by the Western States Gas and Electric Company that company will render to the consumers now connected with the mains of the Central Natural Gas Company the same quality of service which it renders elsewhere in Stockton. It intends to put into effect its present rates, or such rates as may hereafter be fixed by the Commission.

I believe that the transfer of the properties of the Central Natural Gas Company to the Western States Gas and Electric Company will be beneficial to the public and herewith submit the following form of order:

ORDER.

Central Natural Gas Company having applied to the Railroad Commission for permission to sell to the Western States Gas and Electric Company its properties described in Exhibit No. 3 and Western States Gas and Electric Company having asked permission to purchase such properties, a public hearing having been held and the Commission being of the opinion that this application should be granted as herein provided;

If is hereby ordered, that Central Natural Gas Company be and it is hereby authorized to sell to the Western States Gas and Electric Company for the sum of \$85,000 the properties described in Exhibit No 3, filed in this proceeding. The Western States Gas and Electric Company is hereby permitted to purchase such properties. The authority herein granted is subject to the following conditions:

1. Western States Gas and Electric Company shall file with the Railroad Commission a copy of the deed under which it acquires title to the properties which it is herein authorized to purchase.

2. The consideration being paid for the properties of the Central Natural Gas Company shall not be urged as a measure of the value of the properties for any purpose other than the transfer herein authorized.

3. The authority herein granted will become effective upon the date hereof and will expire on April 1, 1924.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this seventeenth day of December, 1923.

DECISION No. 12946.

IN THE MATTER OF THE APPLICATION OF RED HILL TELEPHONE COMPANY FOR PERMISSION TO INCREASE ITS CHARGES FOR SERVICE.

Application No. 9459.

Decided December 22, 1923.

A. Riccioli and R. L. Mazza, for Applicant.

BY THE COMMISSION.

OPINION.

The applicant in this proceeding, Red Hill Telephone Company, hereinafter referred to as the company, owns and operates a farmer line extending southwesterly from Petaluma along Point Reyes road in Sonoma and Marin counties, California, for a distance of approximately seven miles.

Applicant's lines connect with those of The Pacific Telephone and Telegraph Company at the city limits of Petaluma. Applicant's subscribers obtain local service among themselves and with the Petaluma subscribers of The Pacific Telephone and Telegraph Company.

Applicant's subscribers or patrons provide their own telephones and the necessary drops or branch lines which connect their premises to the lines owned by the company.

For the service which The Pacific Telephone and Telegraph Company furnishes the company collects from each of its patrons and pays

to The Pacific Telephone and Telegraph Company the rates established by that company for farmer line stations, and for such long distance messages as may be charged to these stations. In addition to The Pacific Telephone and Telegraph Company's rates, the company has established another rate which it charges its patrons for the service which it renders. This rate has been in the past, and is now, twelve dollars per year per station in advance. Applicant in this proceeding asks permission to increase this to the charge of twenty-four dollars per year per station.

Applicant filed, as a part of the application, an estimate of operating expenses and revenue for the year 1924, showing a deficit of \$290 which would be incurred if the present rate was continued. An inventory and appraisal showing a total investment of \$1,500 was also included as a part of the application.

A public hearing in this proceeding was held before Examiner Satterwhite in Petaluma on November 22, 1923. Applicant introduced testimony at this hearing for the purpose of confirming the figures set forth in its application.

Several of the company's patrons appeared at the hearing and made complaints as to the quality of the service rendered by applicant. The complaint is that there are occasionally periods when no service at all is available and interference due to cross talk between the lines is quite common. It appears that some of this trouble is due to the condition of the main line while probably much of it is due to improper maintenance of branch lines which are owned and maintained by the subscribers themselves. Considerable improvement in service would undoubtedly be effected by overhauling the main line and this work should be done as soon as practicable.

- An appraisal of the plant of applicant was made by F. M. Casal, assistant engineer of the Commission, which shows a value of \$1,335 on an historical basis as of November 30, 1923.

The company had, as of December 1, 1923, twenty-five patrons. The company estimates that there may be an increase of eight subscribers in the next ten years.

Under the present rate of \$1 per month applicant will not be able to meet operating expenses by an amount of \$65. Increasing this rate to \$1.75 per month will make it possible for applicant to properly maintain its lines, render adequate service and give it a reasonable return on its investment.

The granting of this proposed rate assumes that the applicant will overhaul its lines, which work will include the pulling of the slack in all existing lines owned by the company, replacing broken insulators and stubbing and guying poles where such stubbing and guying is necessary.

ORDER.

Red Hill Telephone Company having made application requesting the Railroad Commission to authorize certain rates for telephone service as set forth in its application or such other rates as the Railroad Commission may find just and reasonable, a public hearing having been held and the matter having been submitted and now ready for decision:

The Railroad Commission hereby finds as a fact that the rates now charged for telephone service are insufficient to provide applicant with an adequate return and that the present rates for farmer line service are not just and reasonable and that the rates herein established are just and reasonable rates for such service.

Basing its order on the foregoing finding of fact and upon other findings of fact contained in the opinion which precedes this order;

It is hereby ordered, that Red Hill Telephone Company

(1) Charge and collect for farmer line service rendered on and after January 1, 1924, the following rate:

Farmer Line Service—Twenty-one dollars (\$21) per annum, plus the farmer line rate of The Pacific Telephone and Telegraph Company at its Petaluma exchange.

(2) File with the Railroad Commission the rate set forth under section (1) above, on or before January 1, 1924.

(3) Overhaul its lines as set forth in the opinion preceding this order, on or before March 1, 1924.

(4) Submit evidence to the Railroad Commission, within fifteen days after the work has been accomplished, that the order set forth under section (3) above has been carried out.

Dated at San Francisco, California, this twenty-second day of December, 1923.

DECISION No. 12947.

IN THE MATTER OF THE APPLICATION OF THE HOLTON POWER COMPANY, A CORPORATION, AND OF THE SOUTHERN SIERRAS POWER COMPANY, A CORPORATION, FOR AN ORDER OR ORDERS AUTHORIZING AND APPROVING THE SALE AND TRANSFER BY THE SAID HOLTON POWER COMPANY TO THE SAID THE SOUTHERN SIERRAS POWER COMPANY OF THE PUBLIC UTILITY PROPERTIES, ASSETS AND BUSINESS OF THE HOLTON POWER COMPANY IN THE COUNTY OF IMPERIAL, STATE OF CALIFORNIA.

Application No. 9554.

Decided December 22, 1923.

Chas. F. Potter, for Applicants.

SEAVEY, Commissioner.

OPINION.

The Railroad Commission is asked to make an order authorizing the Holton Power Company to sell and The Southern Sierras Power Com-

pany to purchase, take over, operate and maintain as a public utility, the electric plants, works and system and the entire public utility business, franchises and properties with the appurtenances now owned, possessed, controlled and operated by the Holton Power Company in the county of Imperial, State of California. The purchasing company has agreed to pay for the properties and assets of the Holton Power Company, described in this application and in exhibits filed therewith, the sum of \$2,286,124.31. This sum is made up of the following items:

Fixed capital not classified by prescribed accounts	\$1,390,881 06
Miscellaneous investments	495 50
Cash in banks and on hand	45,956 53
Cashiers' working funds	1,130 00
Notes receivable	673 51
Accounts receivable:	
Light	20,722 65
Power	21,607 62
Merchandise	4,696 72
Other accounts receivable (Inds. and Cos.)	780 10
Delinquent customers' accounts	1,826 81
Intercompany accounts:	
N. C. P. Co., principal	17 45
I. T. Co., principal	63 51
I. T. Co., interest	1 00
C. I. Co., principal	361 80
C. I. Co., interest	18 75
I. I. & D. Co., principal	391,189 73
I. I. & D. Co., interest	232 86
D. W. O. & I. Co., principal	134 69
D. W. O. & I. Co., interest	1 80
S. C. Co., principal	34,248 83
S. C. Co., interest	
H. I. Ry. Co., principal	192,942 19
H. I. Ry. Co., interest	10,282 81
Hydro-elec. Sec. Co., principal	58,537 44
Materials and supplies	107,368 12
Jobbing accounts	337 72
Prepaid insurance	1,603 66
Miscellaneous deferred debits	11 45
Operating ledger expenses	
Total	\$2,286,124 31

The \$1,390,881.06 listed above under fixed capital not classified by prescribed accounts is built up by starting with the historical cost of the operative properties as found by the Railroad Commission in Decision No. 8119, dated September 16, 1920, in which decision the Commission fixed the company's rates for electric service. From such historical cost has been deducted the cost of property retired since the date of the Commission's decision and the value of lands. To the balance has been added the cost of additions and betterments since the date of the Commission's decision and the present market value of the lands, resulting in a grand total of \$1,390,881.06. The reserve for accrued depreciation against such properties and which reserve will be taken on the books of The Southern Sierras Power Company, accord-

ing to the testimony, is reported at approximately \$259,570.39. The purchase price will be paid by the assumption of liabilities of Holton Power Company in an amount not exceeding the purchase price.

The selling price agreed upon is for the properties as they existed on September 30, 1923. This price will be adjusted because of abandonments and additions and betterments made between September 30, 1923, and December 31, 1923.

During the past several years the properties of the Holton Power Company have been operated and managed by the same people who have managed and operated the properties of The Southern Sierras Power Company. The consolidation of the properties of the two companies will not result in any change of management or rates. Some economies should result from the consolidation of the properties, because such consolidation will obviate the keeping of corporate records for Holton Power Company. I believe that the consolidation of the properties is desirable and herewith submit the following form of order:

ORDER.

Holton Power Company having applied to the Railroad Commission to sell its properties described in this application to The Southern Sierras Power Company, a public hearing having been held and the Railroad Commission being of the opinion that this application should be granted;

It is hereby ordered, that the Holton Power Company be and it is hereby authorized to sell the properties described in this application to The Southern Sierras Power Company, which is hereby authorized to purchase and operate such properties. The agreed selling price of \$2,286,124.31 shall be adjusted because of the abandonment of properties between September 30, 1923, and December 31, 1923, and because of moneys expended for the acquisition of properties between such dates.

The authority herein granted is subject to further conditions as follows:

1. The consideration being paid for the properties by The Southern Sierras Power Company shall not be urged before this Commission, or any other public body having jurisdiction, as a measure of the value of such properties for the purpose of fixing rates or for any purpose other than the transfer herein authorized.

2. The Southern Sierras Power Company shall file with the Railroad Commission a copy of the deed under which it acquires and holds title to the properties which it is herein authorized to purchase from the Holton Power Company; such copy to be filed with the Railroad Commission within thirty days after the title to the properties has been transferred, and the deed executed.

3. The Southern Sierras Power Company shall file with the Railroad Commission prior to May 1, 1924, a statement showing the amount it expended for the properties of Holton Power Company, and a copy of the bookkeeping entries showing how such expenditure has been recorded.

4. The authority herein granted will become effective upon the date hereof and will apply only to such properties as may be transferred on or before May 1, 1924.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this twenty-second day of December, 1923.

DECISION No. 12948.

IN THE MATTER OF THE APPLICATION OF ONTARIO POWER COMPANY FOR ORDER AUTHORIZING THE ISSUE OF SEVEN PER CENT PREFERRED STOCK.

Application No. 9553.

Decided December 22, 1923.

Glen D. Smith, for Applicant.

BY THE COMMISSION.

OPINION.

Ontario Power Company asks permission to issue and sell at par \$71,000 of 7 per cent cumulative preferred stock and use the proceeds to pay \$39,000 of indebtedness and reimburse its treasury because of earnings expended for additions and betterments.

The testimony of Glen D. Smith, applicant's general manager, shows that the \$39,000 of indebtedness represented by short term notes was incurred for the purpose of paying for additions and betterments. Applicant intends to pay these notes through the issue of stock. Money was advanced to the company by various individuals with the understanding that the company, when authorized by the Commission, would issue to them at par 7 per cent preferred stock in payment of the notes.

Applicant reports a net expenditure of \$72,044.54 for additions and betterments. This money was expended for the following purposes:

Transformers	\$9,445 46
Meters	4,839 47
Pole line construction.....	52,590 68
Miscellaneous	5,168 93
Total	\$72,044 54

In general, the expenditures have been incurred from May 1 to October 31, 1923, and were made necessary by the increased demand for electrical energy.

Applicant's funded debt amounts to \$375,500, divided into \$262,000 of first mortgage 5 per cent bonds, \$60,500 of 7 per cent serial notes and \$53,000 of 7 per cent trust notes. The funded debt is followed by \$404,000 of 7 per cent preferred stock and \$500,000 of common stock. Applicant's general manager testified that during 1923 the company will pay an 8 per cent dividend on its common stock and a 7 per cent dividend on its preferred stock.

ORDER.

Ontario Power Company having applied to the Railroad Commission for permission to issue \$71,000 preferred stock, a public hearing having been held before Examiner Fankhauser and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for by such issue is reasonably required by applicant and that the expenditures herein authorized are not in whole or in part reasonably chargeable to operating expenses or to income and that this application should be granted as herein provided; therefore

It is hereby ordered, that Ontario Power Company be and it is hereby authorized to issue and sell at not less than par \$71,000 of its 7 per cent cumulative preferred stock and use the proceeds to pay indebtedness incurred on account of construction of additions and betterments and to reimburse its treasury because of earnings expended for the construction of additions and betterments to its plants and properties.

The authority herein granted is subject to further conditions as follows:

1. Ontario Power Company shall keep such record of the issue, sale and delivery of the stock herein authorized and of the disposition of the proceeds as will enable it to file on or before the twenty-fifth day of each month a verified report, as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

2. The authority herein granted will become effective upon the date hereof and will expire on April 1, 1924.

Dated at San Francisco, California, this twenty-second day of December, 1923.

DECISION No. 12953.

IN THE MATTER OF THE APPLICATION OF PALM GARDEN WATER COMPANY (CONSTANCE M. PENILLA AND HORTENSE M. JOHNSON) FOR CERTIFICATE AUTHORIZING THE OPERATION OF A WATER SYSTEM IN LOS ANGELES COUNTY.

Application No. 9511.

Decided December 27, 1923.

W. S. Rabineau, for Applicant.

BY THE COMMISSION.

OPINION.

In the above entitled application Constance M. Penilla and Hortense M. Johnson, operating under the name and style of Palm Garden Water Company, ask authority to distribute and sell water for domestic purposes to the residents of Tract No. 5456, Los Angeles County. The Commission is also asked to establish a flat rate of \$1.50 per month for each family and that an optional meter rate be established.

A public hearing in this matter was held before Examiner Williams at Los Angeles, after due notice thereof had been given so that all interested parties might appear and be heard.

The testimony indicates that in 1922 Tract No. 5456 was subdivided into lots and a complete water system installed to aid in their sale. At the present time water is served free to approximately fifty consumers who have received such service since November, 1922. It is now the desire of applicants to carry on the business as a public utility and make charges for water delivered.

No other utility is supplying water in this territory, and no one appeared to contest the issuance of a certificate of public convenience and necessity, or to protest the rates proposed by applicants, which are reasonable and similar to those charged by other utilities operating under like conditions.

ORDER.

Constance M. Penilla and Hortense M. Johnson, operating under the name and style of Palm Garden Water Company, having made application to this Commission as entitled above, a public hearing having been held thereon, the matter having been submitted, and the Commission being now fully informed in the matter:

The Railroad Commission of the State of California hereby declares that public convenience and necessity require and will require that applicants herein operate a water system to supply water for domestic purposes to residents in Tract No. 5456, Los Angeles County.

It is hereby ordered, that Constance M. Penilla and Hortense M. Johnson, operating under the name and style of Palm Garden Water

Company, be and the same are hereby authorized to file with this Commission within twenty (20) days from the date of this order the following schedule of rates to be charged for all water delivered to consumers subsequent to January 1, 1924:

Monthly Flat Rate.

For each family using water for domestic purposes----- \$1 50

Monthly Meter Rates.

From 0 to 500 cubic feet----- \$1 25
 From 500 to 1000 cubic feet, per 100 cubic feet----- 20
 From 1000 to 5000 cubic feet, per 100 cubic feet----- 15
 All in excess of 5000 cubic feet, per 100 cubic feet----- 10

Monthly Minimum Charges.

For service $\frac{1}{2}$ -inch diameter or less----- \$1 25
 For service 1 -inch diameter----- 1 50
 For service $1\frac{1}{2}$ -inch diameter----- 2 00
 For service 2 -inch diameter----- 2 50

NOTE—Each of the foregoing monthly minimum payments will entitle the consumer to that quantity of water which the monthly minimum payment will purchase at the foregoing "monthly meter rates."

Meters may be installed at the option of the consumer or the utility. When installed at the option of the utility the entire cost of the meter and installation shall be borne by the utility. When installed at the option of the consumer a deposit may be required, such deposit to be returned to the consumer as a credit on monthly bills for water consumed at the rate of 1/20 of the deposit. The following deposits may be required:

For $\frac{1}{2}$ -inch meter----- \$15 00
 For $\frac{3}{4}$ -inch meter----- 20 00
 For 1 -inch meter----- 25 00
 For $1\frac{1}{2}$ -inch meter----- 45 00
 For 2 -inch meter----- 70 00

It is hereby further ordered, that Constance M. Penilla and Hortense M. Johnson, operating under the name and style of Palm Garden Water Company, be and the same are hereby directed to file with this Commission within thirty (30) days from the date of this order rules and regulations to govern relations with consumers, such rules and regulations to become effective upon their acceptance by this Commission.

Dated at San Francisco, California, this twenty-seventh day of December, 1923.

DECISION No. 12963.

IN THE MATTER OF THE APPLICATION OF HERMOSA-REDONDO WATER COMPANY, HERMOSA BEACH WATER CORPORATION AND REDONDO WATER COMPANY FOR AUTHORITY FOR THE HERMOSA-REDONDO WATER COMPANY TO PURCHASE THE PROPERTIES OF THE HERMOSA BEACH WATER CORPORATION AND THE REDONDO WATER COMPANY AND FOR THE LATTER TWO COMPANIES TO SELL THEIR RESPECTIVE PROPERTIES AND FOR AUTHORITY FOR THE HERMOSA-REDONDO WATER COMPANY TO ISSUE SHARES OF ITS COMMON STOCK OF THE PAR VALUE OF TWO HUNDRED FIFTY THOUSAND DOLLARS, SHARES

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OF ITS PREFERRED STOCK OF THE PAR VALUE OF FIFTY THOUSAND DOLLARS AND ITS FIRST MORTGAGE BONDS OF THE FACE VALUE OF THREE HUNDRED FIFTY THOUSAND DOLLARS.

Application No. 9528.

Decided December 28, 1923.

Carnahan and Clarke, by *H. L. Carnahan* and *Bacigalupi and Elkus*, by *Chas. De Y. Elkus*, for Hermosa-Redondo Water Company, and for Hermosa Beach Water Corporation.

Gibson, Dunn and Crutcher, by *E. H. Conway*, for Redondo Water Company. *Wilbur C. Curtis*, for Hermosa Beach Water Corporation.

BY THE COMMISSION.

OPINION.

The Railroad Commission is asked to make an order authorizing Redondo Water Company and Hermosa Beach Water Corporation to sell their properties to Hermosa-Redondo Water Company. The Hermosa-Redondo Water Company asks permission to purchase such properties; to execute a mortgage or deed of trust to secure the payment of an authorized issue of bonds in the sum of \$2,500,000; to issue \$250,000 of common stock, \$50,000 of preferred stock and \$350,000 6½ per cent thirty-year bonds.

The Redondo Water Company, organized in 1908, is said to serve a territory comprising 1400 acres within the incorporated limits of the city of Redondo, together with 200 acres in Clifton Heights, situated in the county of Los Angeles. Its water supply is obtained from four wells ranging from 300 to 526 feet in depth. At present there are three pumping plants in use. The present equipment has a capacity of about 289 miner's inches, which quantity of water has been obtained from the wells. While the water supply has been pronounced safe for domestic use by the State Board of Health, the taste and color of the water, due in part to algae growth, are objected to by the consumers. Upon the consolidation of the Redondo Water Company plant with that of the Hermosa Beach Water Corporation, it is proposed to supply the consumers of Redondo Water Company with water obtained from the wells of the Hermosa Beach Water Corporation and use the Redondo wells only in emergency cases. As of June 30, 1923, there were 1978 services in place on the Redondo system.

The Hermosa Beach Water Corporation, organized in 1914, is said to serve the entire incorporated city of Hermosa Beach and certain adjoining territory in Los Angeles County. It serves a total area in excess of 2000 acres, of which the city of Hermosa Beach comprises 750 acres. The corporation's water supply is obtained from three wells located just outside the city limits of Hermosa Beach. The wells are 300 or more feet in depth. The equipment installed has pumped 226 miner's inches of water. This quantity, it is alleged, is available at

any time. The water supply of Hermosa Beach Water Corporation is of good quality and free of any objectionable features. The number of services in place in June, 1923, is reported at 2059.

The present developed water supply of the two companies totals 515 miner's inches. The average demand by the consumers in the entire territory served during the fiscal year of June 30, 1922, to June 30, 1923, was 71 miner's inches, while the maximum daily demand during the same period was 155 miner's inches.

Applicants submit a report in which the estimated original cost of the Redondo Water Company as of June 30, 1923, is reported at \$290,640.84 and the estimated original cost of the Hermosa Beach Water Corporation properties at \$283,035, making a total for the combined properties of \$573,675.84. The \$573,675.84 includes \$146,308.08 for lands, water rights and franchises, which figure does not represent either the actual or the estimated original cost of such items of property. The lands are included at what is believed to be the present market value and which present market value aggregates \$71,078. For franchises and water rights \$75,230.08 is included. The report submitted does not contain an estimate of original cost less depreciation. The testimony, however, shows that the accrued depreciation has been estimated at approximately \$97,000.

The Redondo Water Company has agreed to sell its properties to F. D. Cornell as trustee for Hermosa Beach Water Corporation for \$115,000 cash as of April 10, 1923, plus the cost of additions and betterments since. The record shows that the \$115,000 plus the cost of additions and betterments is the only consideration that is being received by the Redondo Water Company. The statement was made that the Redondo Water Company was anxious, for various reasons, to sell its properties. This, however, is not a case where a company, because of its financial condition, is obliged to sell its properties.

The estimated original cost of the properties submitted in evidence includes two wells (cost \$12,866) which have been abandoned. It was urged that such cost should be included for the reason that it represents a part of the cost of obtaining a water supply. If such is the case, the cost was incurred by the Redondo Water Company and its stockholders, and that company will bear the loss. There is no reason for transferring such loss to the Hermosa-Redondo Water Company.

On October 13, 1914, the Railroad Commission by Decision No. 1866, in Application No. 1346 (Volume 5, Opinions and Orders of the Railroad Commission of California, page 577), authorized the Hermosa Beach Water Corporation to issue \$65,000 of bonds and \$35,000 of stock to acquire the properties then owned by the Hermosa Beach Water Company. For the purpose of that proceeding the company introduced a report in which the present value of the properties as

of January 1, 1914, was shown to be \$100,495.17. The Commission also considered in connection with that proceeding the cost of additions and betterments reported at \$3,000 and incurred subsequent to January 1, 1914, and the possible salvage from the sale of the plant in Manhattan Beach reported at \$5,500. On February 26, 1919, the Railroad Commission by Decision No. 6164, in Application No. 4132 (Volume 16, Opinions and Orders of the Railroad Commission of California, page 518), fixed the rates to be charged by the Hermosa Beach Water Corporation. In that decision the Commission says:

In this proceeding (Application No. 4132) an appraisal of the water utility property was presented by Burdett Moody for the company. This totalled, as of January, 1914, an estimated cost new of \$122,252, and included the sum of \$6,000 for franchises and \$24,100 for real estate and water rights, but did not include the salvage of the Manhattan Beach plant which was estimated by applicant at \$5,500. Additions since that date, as shown by the company's records, are \$19,113. The structural properties were carefully checked at the time by the Commission's engineers and the appraisal by Moody was found to be a fair estimate of the cost new of the plant, using average normal prices, and will be considered in this proceeding.

If the cost of franchises, lands and water rights is deducted from the appraisal of Mr. Moody, one arrives at the cost new of \$92,152 for the structural properties. The books of the company show the cost of additions and betterments since January 1, 1914, to be \$72,568.76; which, added to the \$92,152, makes a total of \$164,720.76. The estimated original cost of the Hermosa Beach Water Corporation submitted by applicants includes \$45,000 for water rights and \$56,486 for land, making a total of \$101,486 for water rights and land. Adding the \$101,486 to the \$164,720.76 makes a total of \$266,206.76, as compared with the estimated original cost of \$283,035 reported by applicants in this proceeding.

The Hermosa Beach Water Corporation has agreed to sell its properties, as well as the contract entered into between Redondo Water Company and F. D. Cornell as trustee for Hermosa Beach Water Corporation, to Hermosa-Redondo Water Company in exchange for \$250,000 of common and \$50,000 of 7 per cent cumulative preferred stock and \$107,000 in cash. The Hermosa-Redondo Water Company is also to pay \$115,000 which F. D. Cornell has agreed to pay for the properties of Redondo Water Company.

The reproduction cost new of the Redondo Water Company properties is reported at \$439,555 and the reproduction cost new of the properties of Hermosa Beach Water Corporation at \$363,366, making a total reproduction cost new of such properties of \$802,921. The reproduction cost new less depreciation of the Redondo Water Company properties is reported at \$330,684 and of the Hermosa Beach Water Corporation properties at \$281,942, making a total of \$612,626. The reproduction cost new is arrived at by applying to the different items of property prices prevailing during the past year.

It is proposed to install a transmission line connecting the present Hermosa Beach Water Corporation reservoir with that of the Redondo Water Company. It is also planned to construct a new 500,000-gallon reservoir in Hermosa Beach and to lay distribution mains where needed for domestic or fire service. It is believed that the improvements planned will materially add to the efficiency of the present method of plant operation and will result in increased water pressure and largely eliminate the possibilities of interruption of the service. The estimated cost of the improvements is reported at \$128,896, which amount consists of the following items:

500,000-gallon reinforced concrete reservoir.....	\$14,524 00
Automatic booster pumping plant.....	3,000 00
12" R. S. 7500 feet.....	28,298 00
12" C. I. 2700 feet.....	15,144 00
10" R. S. 1100 feet.....	3,629 00
10" C. I. 3000 feet.....	13,026 00
8" R. S. 2800 feet.....	7,790 00
8" C. I. 1700 feet.....	5,773 00
6" C. I. 6350 feet.....	16,008 00
4" R. S. 1100 feet.....	1,841 00
4" C. I. 1900 feet.....	3,863 00
Total pipe system.....	\$112,896 00
500 services and meters.....	10,000 00
Office equipment.....	1,000 00
Organization expenses.....	5,000 00
Grand total.....	\$128,896 00

The Hermosa-Redondo Water Company asks permission to issue and sell at 94 and accrued interest \$350,000 of 6½ per cent thirty-year first mortgage sinking fund gold bonds due December 1, 1953. If sold at 94, net, the company will realize \$329,000. Of this sum it intends to use \$115,000 to pay for the properties of the Redondo Water Company, \$107,000 to pay in part for the properties of the Hermosa Beach Water Corporation, and use the remainder, namely, \$107,000, to pay in part for the additions and betterments and the organization expenses referred to in the preceding paragraph. A copy of the proposed mortgage or deed of trust securing the payment of the bonds has been filed with the Commission. This instrument is now receiving the attention of the Commission and if found to be in satisfactory form, its execution will be authorized by a supplemental order.

The Commission will not in this proceeding establish either the original cost, the reproduction cost or the reproduction cost less depreciation of the properties under review. The Commission has considered the evidence offered in support of this application, and is of the opinion that the Hermosa-Redondo Water Company should be authorized to issue not exceeding \$110,000 of common stock; not exceeding \$50,000 of 7 per cent cumulative preferred stock; and not

exceeding \$350,000 of bonds, for the purposes mentioned in the following order.

It is of record that for a period of five years Chester H. Loveland is to have charge of the management of the property. For his services he is to receive as compensation \$300 per month or such larger sum as may be mutually agreed upon in the event that the operation of the properties proves to be of a particular success. He is authorized to employ an assistant manager or superintendent and is not required to be on the ground to personally supervise the operation of the properties, except to such an extent as he may deem necessary in the proper management of the company. The Commission reserves the right to pass upon the propriety of the contract in a rate or other proceeding when the contract between Hermosa-Redondo Water Company and Chester H. Loveland may be called in question.

ORDER.

Application having been made to the Railroad Commission for permission to transfer property, issue \$250,000 of common and \$50,000 of preferred stock, \$350,000 of bonds, and execute a mortgage or deed of trust to secure the payment of the bonds, a public hearing having been held before Examiner Fankhauser and the Commission being of the opinion that the Redondo Water Company and the Hermosa Beach Water Corporation be authorized to sell and transfer their properties to the Hermosa-Redondo Water Company, and that such company should be permitted to acquire said properties, and to issue not exceeding \$110,000 of common stock; not exceeding \$50,000 of 7 per cent preferred stock; and not exceeding \$350,000 of bonds, and that the money, property or labor to be procured or paid for by the issue of stock and bonds are reasonably required by Hermosa-Redondo Water Company, and that the expenditures herein authorized are not in whole or in part reasonably chargeable to operating expenses or to income;

It is hereby ordered, as follows:

1. Redondo Water Company and Hermosa Beach Water Corporation are hereby authorized to sell their properties described in this application to Hermosa-Redondo Water Company, which company may purchase such properties and issue in payment therefor, provided it acquires the properties free and clear of all encumbrances, \$110,000 of common stock, \$50,000 of 7 per cent cumulative preferred stock and pay \$222,000 in cash, such cash payment to be adjusted because of property retired or additions and betterments installed and because of consumers' deposits received or to be returned, all as set forth in the application.

2. Hermosa-Redondo Water Company may issue not exceeding \$110,000 of common stock; not exceeding \$50,000 of 7 per cent cumula-

tive preferred stock; and not exceeding \$350,000 of 6½ per cent first mortgage sinking fund gold bonds due December 1, 1953.

The authority herein granted is subject to further conditions as follows:

A. The bonds herein authorized to be issued shall be sold for cash at not less than 94 per cent of their face value and accrued interest and the proceeds used for the following purposes:

- | | |
|---|--------------|
| a. To pay for the properties of Redondo Water Company, approximately | \$115,000 00 |
| b. To pay in part for the properties of Hermosa Beach Water Corporation | 107,000 00 |
| c. To pay organization expenses not exceeding | 5,000 00 |
| d. To pay for improvements, additions and betterments referred to in the preceding opinion, approximately | 102,000 00 |

B. The \$100,000 of common stock and the \$50,000 of 7 per cent cumulative preferred stock shall be delivered to the Hermosa Beach Water Corporation in part payment for its properties. The sum total that may be paid for such properties is said stock and \$107,000 in cash.

C. The consideration herein authorized to be paid by Hermosa-Redondo Water Company for the properties of the Redondo Water Company and Hermosa Beach Water Corporation shall not be urged before this Commission or any other public body having jurisdiction as a measure of the value of such properties for the purpose of fixing rates or for any purpose other than the transfer herein permitted.

D. Hermosa-Redondo Water Company shall file with the Railroad Commission a certified copy of the deed or deeds under which it acquires and holds title to the properties which it is herein permitted to purchase, such deed or deeds to be filed within 30 days after same are executed.

E. Hermosa-Redondo Water Company shall keep such record of the issue, sale and delivery of the stock and bonds herein authorized and of the disposition of the proceeds as will enable it to file on or before the twenty-fifth day of each month a verified report, as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

F. The authority herein granted to issue bonds will become effective when Hermosa-Redondo Water Company has paid the fee prescribed by section 57 of the Public Utilities Act, provided that none of such bonds be delivered until the Railroad Commission by supplemental order has authorized the execution of a mortgage or deed of trust to secure the payment of the bonds.

G. The authority herein granted to transfer property and issue stock will become effective upon the date hereof; such authority, together with the authority to issue bonds, will expire on May 1, 1924.

It is hereby further ordered, that this application, in so far as it involves the issue of \$140,000 of common stock, be and it is hereby dismissed without prejudice.

Dated at San Francisco, California, this twenty-eighth day of December, 1923.

DECISION No. 12966.

IN THE MATTER OF THE APPLICATION OF VALLEY TELEPHONE COMPANY, A CORPORATION, FOR AUTHORITY TO ISSUE ITS NOTE TO REFUND CERTAIN OBLIGATIONS.

Application No. 9552.

Decided December 29, 1923.

Ernest Irwin, for Applicant.

BY THE COMMISSION.

ORDER.

The Valley Telephone Company, a corporation, has asked permission to issue a four-year unsecured 10 per cent note in the sum of \$1,700. On December 17, 1919, the Railroad Commission authorized the company to issue a four-year 10 per cent unsecured note for the principal sum of \$2,500. Applicant has paid \$800 on the principal of this note.

Applicant has about two hundred telephones in use. It operates in that portion of Imperial County which is situated east of the Alamo River, except that applicant does not furnish the telephone service in Holtville.

A public hearing having been held on the above entitled application before Examiner Fankhauser and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for by the issue of a note in the amount of \$1,700 is reasonably required by applicant and that the expenditures herein authorized are in whole or in part not properly chargeable to operating expense or to income; therefore

It is hereby ordered, that the Valley Telephone Company be and it is hereby authorized to issue at par a four-year 10 per cent unsecured note in the principal sum of \$1,700 for the purpose of paying or refunding the note referred to in this order.

The authority herein granted is subject to further conditions as follows:

1. Applicant may, if it so desires, issue the note herein authorized for a term of less than four years. If the note is issued for less than such term, applicant may renew the same from time to time without further permission from the Commission, provided that the term of the original note and any renewal note shall not exceed four years from the date of this order.

2. Applicant shall file with the Railroad Commission a statement showing the name of the person to whom it issues the note, the rate of interest on such note and the date and time of payment of such note.

3. The authority herein granted will become effective upon the date hereof.

Dated at San Francisco, California, this twenty-ninth day of December, 1923.

DECISION No. 12968.

IN THE MATTER OF THE APPLICATION OF GENERAL PIPELINE COMPANY OF CALIFORNIA FOR AN ORDER AUTHORIZING AN INCREASE IN RATES, AND A CHANGE IN THE REGULATIONS CONTROLLING THE TRANSPORTATION OF OIL.

Application No. 9485.

Decided December 29, 1923.

A. L. Weil, for Applicant.

BRUNDIGE, Commissioner.

OPINION.

This application of General Pipeline Company of California requesting authority to increase its rates for transportation of oil and for a modification of the regulations governing the same was filed with the Railroad Commission on October 29, 1923. Only those lines operating between the Kern County oil fields, Mojave and Los Angeles are involved by this proceeding. It is alleged that the present rates of 25 cents per barrel for the transportation of oil from Kern County fields to points south of Lebec and 12½ cents per barrel for transportation to Mojave are entirely inadequate, and approval of a rate of 30 cents per barrel is requested for all transportation originating at points north of Tejon Mountains, irrespective of final point of delivery.

A hearing was held in this matter in San Francisco on December 14, 1923, at which time testimony was taken and evidence in the form of a report upon applicant's operations was presented by the Commission's engineering department and the matter was thereupon submitted.

The General Pipeline Company is a subsidiary of the General Petroleum Corporation, all of the stock of the former being held by the latter concern, which has continuously financed the Pipeline Company. At the present time oil is transported only for the General Petroleum Corporation. However, the Pipeline Company is entirely willing to permit the use, as common carriers, of such of its lines as are here involved, and it is for this reason that authority is being requested to file revised rules and regulations governing the operation of these lines. The increase of pipeline transportation rates is desired largely for accounting purposes in order that the operations of the Pipeline Com-

pany and Petroleum Corporation may show reasonable profits equitably distributed to each department of the business.

Investigation shows that during the past several years the major portion of the business done by the lines herein involved has been the transportation of oil to Mojave where it is supplied to the Santa Fe and Southern Pacific railroads. The following figures summarize the operations of applicant's "main lines" for the year ending June 30, 1923.

Summary of Operations of Main Line, General Pipeline Company, for year ending June 30, 1923.

<i>Revenue.</i>		
To Vernon 74,766 bbls. @ 25¢	-----	\$18,691 50
To Mojave 3,603,224 bbls. @ 12½¢	-----	450,415 77
From Lebec (tops) 14,515 bbls. @ 12½¢	-----	1,964 47
Total transportation revenue	-----	\$471,071 74
<i>Expenses.</i>		
Maintenance	-----	\$103,055 12
Transportation	-----	313,509 37
Total operation	-----	\$416,564 49
General expense	-----	59,224 74
Taxes	-----	43,326 20
Depreciation 5%	-----	177,139 02
Total expenses	-----	\$796,254 45
Deficit	-----	\$325,182 71

A valuation of applicant's properties based upon original construction costs and prepared by the Pipeline Company was set forth in the Commission's Exhibit No. 1 showing a total investment in pipelines and equipment north of the Los Angeles Basin System, amounting to \$4,500,726.90. This figure includes \$97,206.07 for work in progress, but does not include any allowance for working capital or intangibles.

It is very apparent from the preceding operating statistics that the rates now in effect for the transportation of oil by applicant's pipelines are inadequate. This condition has existed for several years and a large accumulated deficit has now accrued. The testimony of Mr. D. M. Folsom, assistant to the president of the General Petroleum Corporation, was to the effect that there is no probability of material increase in the volume of oil to be transported during the ensuing year, which might result in an increase of earnings.

The evidence in this proceeding shows that the present rates are inadequate and that an increase is justified. The proposed form of regulations governing the transportation of oil appear reasonable.

I submit the following form of order:

ORDER.

General Pipeline Company of California having applied to the Railroad Commission for an order authorizing an increase of present rates for the transportation of oil to the sum of 30 cents per barrel for all transportation initiated north of Tejon Mountains, irrespective of exact point of origin or delivery, and also for authority to revise its regulations in accordance with the form attached to the application herein, a public hearing having been held, and the matter having been submitted and being now ready for decision, the Railroad Commission hereby finds as a fact that the rate being applied for herein by General Pipeline Company of California is just and reasonable and it further finds that the proposed regulations for the transportation of oil are also just and reasonable;

It is hereby ordered, that General Pipeline Company be and it is hereby authorized to file with the Railroad Commission and make effective the following rate for the transportation of oil effective on and after January 20, 1924:

Schedule No. 1.***Special Conditions:***

This schedule applies to all transportation of oil through the lines of General Pipeline Company of California initiated north of the Tejon Mountains irrespective of the point of origin or delivery. All transportation and deliveries are governed by the rules and regulations filed with the Railroad Commission.

Rate:

30 cents per barrel.

It is hereby further ordered, that General Pipeline Company of California file with the Railroad Commission before January 15, 1924, the foregoing rate schedule together with the rules and regulations attached to its application in this matter.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this twenty-ninth day of December, 1923.

DECISION No. 12973:

IN THE MATTER OF THE APPLICATION OF MATTIE EVANS ALDERMAN FOR PERMISSION TO ESTABLISH METER RATES, RULES AND REGULATIONS.

Application No. 9416.

Decided December 31, 1923.

Mattie Evans Alderman, in propria persona.

BY THE COMMISSION.

OPINION.

In this proceeding Mattie Evans Alderman, who operates a small public utility which supplies and distributes water for domestic use to the residents of the unincorporated town of Thermal, Riverside County, asks for an adjustment of the present flat rate schedule and the establishment of a metered rate, together with rules and regulations to govern relations with consumers.

The application alleges in effect that the present rate schedule was established prior to 1912, and that the development of the community now requires an adjustment of the present flat rates, including a rate to apply for metered service.

A public hearing in this matter was held before Examiner Williams at Thermal, after all interested parties had been duly notified and given an opportunity to appear and to be heard.

This water system was purchased by Mrs. Alderman about 1912 in connection with the acquisition of lands and subdivision property. An artesian well 945 feet in depth, from which the water supply is obtained, and also a portion of the distribution system, were installed about 1908, the only changes since that time having been an extension of the distribution mains. Pressure on the system is maintained by a standpipe 16 feet high, located at the end of the distribution mains and from which excess water is allowed to waste. Approximately 35 consumers are now supplied at a flat rate of \$1.50 per month for all classes of service except the hotel, which is charged \$4 per month.

F. H. Van Hoesen, one of the Commission's hydraulic engineers, presented a report at the hearing in which the original cost of the water system was estimated at \$4,286, with a replacement annuity computed on the 6 per cent sinking fund method of \$88. Reasonable maintenance and operation expense for the future was estimated at \$996, which includes an allowance for expense in connection with delivering water into tank cars for shipment into various points in the Imperial Valley. Revenues from the sale of water for the year 1923 were estimated at \$2,589, which amount includes \$2,010 as revenue received from the sale of water delivered to tank cars and shipped to other localities. No objection was made to the figures contained in this report, and no other appraisals or estimates were submitted.

The testimony of several consumers indicated that they did not oppose an adjustment of rates or the establishment of a schedule to cover metered service. Improvement in service, particularly increased pressure, was, however, desired.

Applicant contends that the water used in filling tank cars and shipped to other points is waste water from the artesian well, and that such sales should not be considered as a part of the public utility service. The evidence indicates, however, that such service is rendered

at the railroad siding at Thermal, within the service area of the utility, through the utility's pipe system and by the utility's employees. It is admitted by applicant that this particular service should be rendered only when water would otherwise go to waste and should be diminished or discontinued when the demands of the utility's regular consumers require additional water. Careful consideration of all pertinent factors leads to the conclusion that the service to tank cars, although it is admittedly of a temporary nature and from surplus water, should be regarded as a part of the regular utility business. However, the revenue derived therefrom is very irregular, and the amounts received from sales during the year 1923 are not in any way indicative of the amounts which will be received in the future. The evidence indicates that an adjustment of the present flat rates should be made, and as the Commission has often expressed its approval of metered service as the most equitable method of selling water, a schedule of reasonable rates covering such service will be established.

The complaint of the consumers indicating inadequate service due to lack of pressure can be eliminated by the installation of a pumping unit and a storage tank elevated sufficiently to insure adequate pressure and service at all times. The schedule of rates set out in the accompanying order will justify such an expenditure, and the collection of these rates will be expressly conditioned upon the installation by the applicant of such facilities as are required to render adequate service.

ORDER.

Mattie Evans Alderman having made application as entitled above, a public hearing having been held thereon, the matter having been submitted and the Commission being now fully informed therein:

It is hereby found as a fact that the rates now charged by Mattie Evans Alderman for water delivered to consumers in and in the vicinity of Thermal, Riverside County, are unjust and unreasonable in so far as they differ from the rates herein established, and that the rates herein established are just and reasonable rates for such service.

Basing the order upon the foregoing finding of fact and upon the statements of fact contained in the preceding opinion;

It is hereby ordered, that Mattie Evans Alderman be and she is hereby authorized to file with this Commission within twenty (20) days from the date of this order the following schedule of rates to be charged for water delivered to consumers subsequent to January 31, 1924:

Monthly Meter Rates.

From 0 to 500 cubic feet, per 100 cubic feet	-----	\$0 25
From 500 to 2000 cubic feet, per 100 cubic feet	-----	20
Over 2000 cubic feet, per 100 cubic feet	-----	10

Monthly Minimum Charges.

$\frac{5}{8}$ -inch meter-----	\$1 25
$\frac{3}{4}$ -inch meter-----	1 50
1 -inch meter-----	1 75
1 $\frac{1}{4}$ -inch meter-----	2 25
2 -inch meter-----	4 00
3 -inch meter-----	8 00
4 -inch meter-----	12 00

Note.—Each of the foregoing monthly minimum charges will entitle the consumer to the quantity of water which that monthly minimum charge will purchase at the foregoing "monthly meter rates."

For Water Delivered to Tank Cars for Shipment to Other Points.

Per 1000 gallons-----	\$0 25
Minimum charge, per tank car-----	10 00

Monthly Flat Rates.

1. Residences, boarding houses, apartments, lodging houses, tenements, and flats of five rooms or less, including toilet and bath-----	\$1 50
For each additional room-----	10
For each additional bath tub-----	25
For each additional toilet-----	25
Additional for each private garage and one automobile-----	25
For each additional automobile-----	25
Additional for private barn, with not more than two horses or cows-----	50
For each additional horse or cow-----	20
2. Sprinkling or irrigation of lawns, shrubbery, trees, gardens, etc., per square yard of surface actually irrigated-----	003
3. Blacksmith shops, machine shops, lumber yards, printing offices, bakeries, undertaking parlors, grocery stores, theatres, warehouses, butcher shops and large stores-----	2 00
4. Bottling works, creameries, slaughter houses and laundries-----	5 00
5. Drug stores, dental offices and photograph galleries-----	3 50
6. Banks, professional offices, billiard parlors, fraternal halls, clubrooms, churches, plumbing shops, stores and shops not otherwise listed-----	1 50
7. Office buildings, for each room-----	50
8. Restaurants, chop houses and cafes, per unit seating capacity-----	15
9. Livery stables and feed yards, per average number of stock fed, each-----	25
10. Barns in connection with stores, shops, etc., not more than two horses-----	50
For each additional horse-----	20
11. Public garage, six automobiles or less-----	3 00
For each additional automobile-----	50
12. Soda fountains and ice cream stands, either alone or in connection with other business-----	2 50
13. Barber shops, per chair-----	1 00
Additional for each bath tub-----	1 00
Additional for each toilet-----	50
14. Hotel:	
Dining rooms-----	2 00
Bed rooms with running water-----	25
Each bath tub-----	50
Each toilet-----	30
15. Building work:	
For mortar and to dampen brick, per 1000 brick-----	35
For cement work, each barrel-----	15

All uses not specified above to be charged at meter rates.

Meters may be installed upon any service at the option of either the consumer or the utility. If installed at the option of the utility the entire costs of the meter and installation must be borne by the utility. If installed at the request of the consumer the cost of meter and installation thereof shall be advanced by the consumer to the utility, and the money so advanced shall be refunded to the depositor as credits on monthly bills for water furnished at the rate of 50 per cent of the total amount of such monthly bills.

It is hereby further ordered, that the collection of the rates herein established after April 30, 1924, is expressly conditioned upon the furnishing to consumers at all times by Mattie Evans Alderman of an adequate supply of water at sufficient pressure to insure satisfactory service.

It is hereby further ordered, that Mattie Evans Alderman be and she is hereby directed to file with this Commission within thirty (30) days from the date of this order rules and regulations to govern relations with consumers, such rules and regulations to become effective upon their acceptance by the Commission.

Dated at San Francisco, California, this thirty-first day of December, 1923.

DECISION No. 12974.

IN THE MATTER OF THE APPLICATION OF PACIFIC GAS AND ELECTRIC COMPANY, A CORPORATION, FOR AN ORDER OF THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA AUTHORIZING APPLICANT TO REIMBURSE ITS TREASURY FOR CAPITAL EXPENDITURES AND TO FINANCE THE CONSTRUCTION OF ADDITIONS, EXTENSIONS, BETTERMENTS AND IMPROVEMENTS, IN THE MANNER SET FORTH HEREIN.

Application No. 9545.

Dated December 31, 1923.

C. P. Cutten, for Applicant.

BY THE COMMISSION.

ORDER.

Pacific Gas and Electric Company asks permission to use proceeds obtained from the sale of stock and bonds, the issue of which has been authorized by the Commission, and proceeds realized from the sale of property to reimburse its treasury and to pay the cost of extensions, additions, betterments and improvements to its facilities and to the facilities of the Mount Shasta Power Corporation.

All of the outstanding stock of Mount Shasta Power Corporation except shares necessary to qualify directors is owned by the Pacific Gas and Electric Company.

Applicant has filed with the Commission a statement showing actual or estimated expenditures amounting to \$36,009,807.41 against which the Commission has not authorized the issue of any stock or bonds. This amount is made up of the following items:

Actual expenditures at September 30, 1923 (Exhibit B)-----	\$7,262,793 42
Estimated authorized expenditures at September 30, 1923, on Pacific Gas and Electric Company system (Exhibit C)-----	10,950,752 16
Estimated cost of new construction arising out of the development of the company's business and the addition of new consumers from October 1, 1923, to December 31, 1924 (Exhibit D)-----	6,000,000 00
Balance of estimated capital expenditures authorized as of September 30, 1923, on Mount Shasta Power Corporation properties (Exhibit E)-----	11,796,261 83
Total -----	\$36,009,807 41

Applicant reports that it has received, or expects to receive, from the sale of stock and bonds, the issue of which the Commission has heretofore authorized, and from the sale of properties, the following amounts:

Due on unpaid stock subscriptions at September 30, 1923-----	\$371,311 95
Amount due on subscriptions to first preferred stock: sold under Railroad Commission's Decisions Nos. 7874 and 8160-----	\$255 00
Same, Decision No. 8315-----	8,347 50
Same, Decision No. 8802-----	1,167 50
Same, Decision No. 9622-----	1,594 41
Same, Decision No. 10004-----	29,364 48
Same, Decision No. 10872-----	160,812 31
Same, Decision No. 11534-----	169,770 75
Amount of unsold stock authorized under authority of Railroad Commission's Decision No. 11534 as of September 30, 1923-----	19,500 00
Proceeds received from sale of \$10,000,000 face amount of first and refunding mortgage gold bonds, Series C, authorized by Railroad Commission's Decision No. 12619-----	9,200,000 00
Proceeds received from sale of property released from mortgages (described in Exhibit F)-----	866,847 60
Total -----	\$10,457,659 55

Applicant asks permission to use the \$10,457,659.55, or such other amount as it may receive from the sale of stock and bonds, the issue of which has heretofore been authorized by the Commission, to reimburse its treasury and to pay in part the cost of the extensions, additions, betterments and improvements to which reference has been made.

The Commission has considered applicant's request and believes that it should be granted subject to the conditions of this order; therefore

It is hereby ordered, that the Pacific Gas and Electric Company be and it is hereby authorized to use the proceeds obtained, or which it will obtain, from the sale of stock and bonds, the issue of which has heretofore been authorized by the orders of the Commission referred to in this order, and the proceeds obtained from the sale of properties described in Exhibit "F" to reimburse its treasury and to pay in part such cost of the extensions, additions, betterments and improvements to its facilities and to the facilities of the Mount Shasta Power Corporation described in Exhibits "B," "C," "D" and "E" filed in this proceeding, as is properly chargeable to capital account under the uniform system of accounts prescribed or adopted by the Commission.

It is hereby further ordered, that the orders heretofore made in Applications numbers 5898, 6229, 6585, 7234, 7432, 8104, 8550, and 9371, as such orders have heretofore been amended, shall remain in full force and effect, except as modified by this order.

Dated at San Francisco, California, this thirty-first day of December, 1923.

DECISION No. 12980.

IN THE MATTER OF THE APPLICATION OF MILO W. BEKINS, FLOYD R. BEKINS, REED J. BEKINS AND R. M. B. HOLT, PARTNERS IN BUSINESS UNDER THE NAME OF BEKINS FIREPROOF STORAGE, FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY TO OPERATE AN AUTOMOBILE TRUCK SERVICE FOR THE TRANSPORTATION OF HOUSEHOLD GOODS BETWEEN LOS ANGELES, FRESNO, OAKLAND AND SAN FRANCISCO AND INTERMEDIATE POINTS VIA THE COAST ROUTE AND SAN JOAQUIN VALLEY ROUTE.

Application No. 9181.

Decided January 3, 1924.

Richard T. Eddy, for Applicant.

Warren E. Libby and *Harry N. Blair*, for California Highway Express and Pacific Highway Express, Protestants.

C. H. Tribit, Jr., for Richards Trucking and Warehouse Company, Protestant.

F. M. Hodge, for San Joaquin Valley Transportation Company.

STOORE, Commissioner.

OPINION.

In the above numbered application Milo W. Bekins, Floyd R. Bekins, Reed J. Bekins and R. M. B. Holt, copartners doing business under the firm name and style of Bekins Fireproof Storage, petition the Railroad Commission for a certificate of public convenience and necessity authorizing the operation by them of automotive trucks for the transportation of household goods, pianos, trunks and baggage and other personal property, office furniture and equipment, for compensation between the termini of San Francisco and Los Angeles and intermediate points, via the public highways on what are known as the Coast Route and the Valley Route and including the territory extending to a distance of thirty miles on either side of said highways. Applicants propose to operate on a schedule of weekly trips via the Valley Route and on the 5th and 20th of each month via the Coast Route, and to operate extra trips as the traffic requirements demand.

Public hearings on this application were held in Los Angeles, briefs were filed, final arguments of counsel for applicants and protestants were heard before the Commission *en banc*, the matter was duly submitted and is now ready for decision. This application was heard concurrently with Case No. 1918, the latter being a complaint by certain protestants herein against applicants herein for alleged unlawful motor truck transportation. The evidence was consolidated so far as applicable to both matters.

Bekins Fireproof Storage is a partnership formed in 1918, prior to which time the business was carried on under the name of Bekins Fireproof Storage Company and Bekins Van and Storage Company, both of which companies were owned by the parents of the members of the present partnership known as Bekins Fireproof Storage. Applicants

operate four large storage warehouses at Los Angeles, San Francisco, Oakland and Fresno. In connection with these storage warehouses they operate in these cities a general transfer business in the moving of household goods and other articles. Applicants have accumulated, in the development of this business, assets aggregating a total value estimated at \$1,891,042. Against these assets there are no encumbrances other than an undertaking by the members of this partnership to their parents. Their equipment includes 55 trucks and 8 trailers, of which 26 are closed vans, and applicants state that whatever proportion of these should be required for the long distance hauling would be set aside for that purpose and that they were in a position to purchase additional equipment if it were required.

Growing out of their local transfer and drayage business in Los Angeles, San Francisco and Oakland and to meet the requirements of their patrons in these cities, applicants gradually extended their operations, handling shipments of household goods going by rail or motor truck to distant points in and out of the state. With the growth of this business they have developed a threefold form of transportation service, which they designate as (1) pool car shipments, (2) lift van shipments, and (3) motor truck shipments, it being claimed by them in this proceeding that by giving the public a choice of one or other of these methods of shipment they are able to render a broader and better service to the public than they could by confining their operations to any one particular method. Applicants testified that while their business solicitors are instructed not to discriminate in favor of one or other of these methods of shipment but to advise their patrons according to their convenience and preference, they have found that with the improved condition of the public highways, and with less liability of damage to furniture by the single handling, as well as the convenience and economy of noncrating, involved in shipment by motor truck vans, they have observed a growing demand for motor truck transportation of these goods. In addition to direct delivery at the street address of consignee they provide, when necessary, storage in the vans for a few days at points of destination where their warehouses are located until consignee is ready for delivery.

These long distance motor truck operations growing out of their local transfer and drayage business in these cities were begun by applicants in the business of the Bekins Van and Storage Company prior to May 1, 1917. During a period of several months prior to May 1, 1917, nine trips were made from Los Angeles to Santa Barbara, nine trips to Bakersfield, and six or seven trips from San Francisco to Fresno. The first shipment of household goods hauled by them by truck between Los Angeles and San Francisco moved some time in 1917 by the Valley Route. Since these earlier trips they have hauled house-

hold goods, personal effects, pianos and office furniture as the business was offered to them. Thus their business developed until in the twelve months of 1922 they hauled 2,181,144 pounds and in the first six months of 1923 they hauled 2,204,349 pounds, showing practically double the volume of business in 1923 over that of 1922. Witnesses from two of the large storage warehouses of Los Angeles testified to the growing public demand for this method of transportation over these routes, and to their use of the services of applicants and to the satisfactory quality of the service rendered.

When the operations of applicants first came informally to the attention of the Railroad Commission it was then believed by the Commission that the operations were so irregular as to make them not subject to the jurisdiction of the Commission, and when applicants in the latter part of 1921 submitted their operations to the opinion of the Commission, and offered to make application then for a certificate of public convenience and necessity, they were advised that as their operations were understood at that time they were not deemed subject to the jurisdiction of the Commission.

The business of applicants has, however, grown to such a point of regularity and to such a volume, and they are so manifestly holding themselves out to the public to perform this transportation service, that the Commission is convinced that their operations are now subject to the jurisdiction of the Commission. They were so advised in May of this year, whereupon they filed application for a certificate of public convenience and necessity and this proceeding was had thereon.

The application was protested by the California Highway Express and by the Pacific Highway Express. Both of these carriers received their certificates of public convenience and necessity in March, 1922. The former operates between Los Angeles and San Francisco on both the Valley Route and the Coast Route, with certain restrictions as to pick up and delivery at intermediate points. The latter operates between these points only on the Valley Route. The former operates on a schedule of two trips each week via the Valley Route and one trip weekly via the Coast Route, and for this service has an equipment of three closed vans, one truck for local pick up and delivery, one trailer and two leased trucks. The latter operates on a schedule of three trips each month, with an equipment of one truck owned and another truck occasionally leased.

A. A. Nelson, president and manager of the California Highway Express, testified that his business has increased this year 100 per cent over that of last year, and that he has ordered an additional truck to meet the growing demand. He also stated that he is operating now to only 70 per cent of his capacity including his two leased trucks, and about to his full capacity not including leased trucks but that even with

the leased trucks the deficient 30 per cent of his capacity would be absorbed by his growing business, regardless of the Bekins Company receiving a certificate. He stated that between 40 and 50 per cent of his business is secured by special arrangement with the Draymen's Association, 30 per cent is secured by the drivers of his trucks, and 25 per cent by advertising and solicitation, and that it is in the area of this last 25 per cent of his business that he meets his principal competition from Bekins. He claimed that if the Bekins Storage Company were refused a certificate and ordered to desist in operations he would secure a large proportion of their present business, and this would give him an assured success.

E. H. Shull, owner of the Pacific Highway Express, testified that in 1923 his business has increased 40 per cent over that of 1922, that he owns one truck and when necessary he rents another. Altogether he operates to about 50 per cent capacity and in his first ten months operation in 1922 made a profit of \$1,600, not allowing his own salary. His protest was based on similar grounds to those of Mr. Nelson, chiefly that he wanted to have the competition of Bekins eliminated so that he might have a share of what they now do.

The evidence submitted by applicants and protestants alike showed a rapidly increasing public demand for motor truck transportation in the moving of household goods, personal effects and office furniture. With the business of the applicant and the protestants practically doubled in the past year, it becomes evident that this class of transportation over these main highways will grow to still larger proportions in the near future.

It is contended by protestants that they could take care of the growing traffic by leasing such additional trucks as may be required beyond their own equipment. The evidence shows, however, that this business requires closed vans for the most satisfactory service, that those now leased are not of the closed van type and that it is very difficult to lease trucks of that character.

Under all the conditions presented, it appears that the Bekins Fire-proof Storage, with its ownership of twenty-six closed vans in addition to twenty-nine other trucks and eight trailers, with its financial ability to provide additional equipment for dedication to this service, and with its ability to house at either terminal goods desired to be held for later delivery, with its record of business already developed and with its established contact with the moving public in the four large cities mentioned in the application, is in a favorable position to render a valuable service to the public by this form of transportation.

Protestants based their opposition to the application largely upon what they termed the illegal operation of the applicants over a period of some two years prior to the date of application. The evidence shows,

however, that prior to the securing of certificates by protestants herein, and at the time of their applications thereto, the applicants herein had offered to submit themselves to the jurisdiction of the Commission and to make application for certificate of public convenience and necessity for their operation, that they have at all times held themselves willing to submit their operations to the Commission's jurisdiction, and that they have conducted their operations in good faith on the understanding had by them with the Commission at that time.

Counsel for protestants in final argument before the Commission, in addition to his arguments supporting the complaint of illegal operations by applicants herein, further urged upon the Commission that a decision be rendered upon the principle of protecting the rights of existing authorized carriers from the competition which the granting of a certificate in accordance with this application would authorize.

In this connection the Commission notes first that the protestants received their respective certificates on a basis of competition with each other and with other carriers, and following a period of previous unauthorized transportation operations by them, and in addition thereto has in this opinion already pointed out the good faith with which applicants herein at that time offered to submit themselves by an application to the Commission's jurisdiction.

The Public Utilities Act and the Auto Stage and Truck Transportation Act, with their amendments, under which the regulation of transportation utilities by this Commission is carried on, expressly make public convenience and necessity the sole basis upon which certificates from this Commission may be granted. The question of protecting existing carriers or of allowing competition with them under additional certificates must be answered entirely on the ground of public convenience and necessity. Sometimes that final test may best be met by a restriction of operative rights to a single certificate and sometimes by affording a reasonable competition. Competition under some conditions may tend to break down the more established means of transportation upon which public convenience and necessity may ultimately depend. On the other hand, public convenience and necessity may sometimes demand provision for new or improved methods, forms or routes of transportation even at the expense of existing means of transportation, or may require that consideration be given to the growth of traffic demand. Transportation over less traveled highways in districts where the population and the normal business are comparatively small could not be sustained under a competition which might be very beneficial and favorable to public convenience and necessity as applied to transportation on the main highways that feed our large cities and intensively developed communities. In each case

it is a matter for the Commission to determine upon the basis of the facts available.

It is apparent from the evidence submitted in this proceeding that the demand for motor truck transportation of certain goods and commodities on the two main highways between Los Angeles in the south and San Francisco and Oakland in the north has already reached large proportions and shows indications of a very rapid and considerable growth. The shipment of household goods is particularly susceptible of this development.

The Commission believes that the proposed operation of applicants, with such tariff modifications as are provided for in the order herein made, will be in the interest of public welfare both in its effect upon the quality and efficiency of service rendered and in helping to meet the growing public demand.

Accordingly, the Commission hereby finds as a fact that public convenience and necessity require the operation by Milo W. Bekins, Floyd R. Bekins, Reed J. Bekins and R. M. B. Holt, copartners, doing business under the fictitious name and style of Bekins Fireproof Storage, of an automobile truck service for the transportation of household goods, pianos, trunks and baggage and other personal property, office furniture and equipment, between the termini of San Francisco and Los Angeles and the termini of Oakland and Los Angeles via both the Coast Route and the San Joaquin Valley Route, state highways, including all intermediate points on said highways, also all points within territory extending a distance of thirty miles on either side of said highways, and an order will be entered accordingly.

ORDER.

A public hearing having been held in the above entitled application, the evidence having been submitted, the Commission being fully advised in the premises, and basing its order upon the statements and findings of fact contained in the opinion preceding this order:

The Railroad Commission of the State of California hereby declares that public convenience and necessity require the operation by Milo W. Bekins, Floyd R. Bekins, Reed J. Bekins and R. M. B. Holt, copartners, doing business under the fictitious firm name and style of Bekins Fireproof Storage, of an automobile truck service as a common carrier of household goods, pianos, trunks and baggage and other personal property, office furniture and equipment between the termini of San Francisco and Los Angeles and the termini of Oakland and Los Angeles, via both the Coast Route and the San Joaquin Valley Route, state highways, including all intermediate points on said highways, also all points within territory extending a distance of thirty miles on either side of said highways; and

It is hereby ordered, that a certificate of public convenience and necessity for said operation be and the same is hereby granted, subject to the following conditions:

1. Rates to be charged by applicants herein shall not exceed \$4.40 per hundred pounds between termini, graduating proportionately to intermediate points, a revised tariff to be submitted for the approval of the Railroad Commission within a period of not to exceed thirty (30) days from date hereof.

2. Applicant shall file his written acceptance of the certificate herein granted within a period of not to exceed twenty (20) days from date hereof and shall commence operation within a period of not to exceed forty (40) days from date hereof.

3. The rights and privileges herein authorized may not be discontinued, sold, leased, transferred nor assigned unless the written consent of the Railroad Commission to such discontinuance, sale, lease, transfer or assignment has first been secured.

4. No vehicle may be operated by applicants herein unless such vehicle is owned by said applicants or is leased by them under a contract or agreement on a basis satisfactory to the Railroad Commission.

The effective date of this order is hereby fixed and designated as the thirtieth day of January, 1924.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission.

Dated at San Francisco, California, this third day of January, 1924.

DECISION No. 12981.

IN THE MATTER OF THE APPLICATION OF MILO W. BEKINS, FLOYD R. BEKINS, REED J. BEKINS AND R. M. B. HOLT, PARTNERS IN BUSINESS UNDER THE NAME OF BEKINS FIREPROOF STORAGE, FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY TO OPERATE AN AUTOMOBILE TRUCK SERVICE FOR THE TRANSPORTATION OF HOUSEHOLD GOODS BETWEEN LOS ANGELES, FRESNO, OAKLAND AND SAN FRANCISCO AND INTERMEDIATE POINTS VIA THE COAST ROUTE AND SAN JOAQUIN VALLEY ROUTE.

Application No. 9181.

Decided January 3, 1924.

BY THE COMMISSION.

SUPPLEMENTAL ORDER.

The Commission, in its Decision No. 12980, rendered this day in the above-entitled proceeding, having found and declared that public convenience and necessity require the operation by the applicants herein of certain transportation service defined in said decision, the effective date of which is fixed by the terms thereof as the thirtieth

day of January, 1924; and it further appearing that public convenience and necessity require the operation by said applicants of the said transportation service during the intervening time prior to the taking effect of the order contained in said Decision No. 12980:

The Railroad Commission of the State of California hereby declares that public convenience and necessity require the operation by Milo W. Bekins, Floyd R. Bekins, Reed J. Bekins and R. M. B. Holt, copartners doing business under the firm name and style of Bekins Fireproof Storage, of an automobile truck line as a common carrier of household goods, pianos, trunks and baggage and other personal property, office furniture and equipment, between the termini of San Francisco and Los Angeles and the termini of Oakland and Los Angeles via both the coast route and the San Joaquin Valley route, state highways, including all intermediate points on said highways, also, all points within territory extending a distance of thirty miles on either side of said highways; and,

It is hereby ordered, that a certificate of public convenience and necessity be, and the same is hereby granted for such operations, subject to the following conditions:

1. The authority herein granted shall be temporary only, and shall not extend beyond the time of the taking effect of the order contained in Decision No. 12980 heretofore made in this proceeding; and if, for any reason, the certificate granted or the authority conferred by said Decision No. 12980 shall, for any cause, be revoked, then the authority herein granted shall also terminate.

2. Rates to be charged by applicants herein shall not exceed \$4.40 per 100 pounds between termini, graduating proportionately to intermediate points, and a revised tariff, setting forth such rates, shall be submitted for the approval of the Commission as soon after the date hereof as may be possible, but in any event not to exceed thirty days from the date hereof.

3. The rights and privileges herein authorized may not be discontinued, sold, leased, transferred or assigned unless the written consent of the Railroad Commission shall first be obtained.

4. No vehicle may be operated by applicants herein unless such vehicle is owned by applicants or leased by them under a contract or agreement on a basis approved by the Railroad Commission.

The foregoing order shall become effective forthwith.

Dated at San Francisco, California. this third day of January, 1924.

DECISION No. 12983.

CITY OF BEVERLY HILLS, A MUNICIPAL CORPORATION OF THE
SIXTH CLASS,

vs.

BEVERLY HILLS UTILITIES COMPANY, A CORPORATION.

Application No. 9141.

Decided January 3, 1924.

Paul E. Schwab, City Attorney, and *O'Melveny, Milliken, Tuller and Macneil*, by
Walter E. Tuller, for the City of Beverly Hills.

Gibson, Dunn and Crutcher, by *S. E. Haskins*, for Beverly Hills Utilities Company.

BRUNDIGE AND SEAVEY, *Commissioners*.

OPINION.

This is a proceeding brought under the provisions of the Public Utilities Act, in which the city of Beverly Hills, a municipal corporation of the sixth class (hereinafter referred to as the city), requests the Railroad Commission to fix the just compensation to be paid by the city to the Beverly Hills Utilities Company, a corporation (hereinafter referred to as the company), for the public utility property owned, operated and used by said company for the production and distribution of water for domestic, commercial and municipal purposes in the city of Beverly Hills, in Los Angeles County.

As defined by section 47 (b) of the Public Utilities Act, this is a petition of the first class. It was duly authorized on the eleventh day of June, 1923, through Resolution No. 20, regularly passed and adopted by the board of supervisors of Beverly Hills, and was filed with the Commission June 19, 1923. On the twenty-second day of June, 1923, the Commission made its order directing the company to show cause why the Commission should not proceed to hear the above petition and to fix the just compensation as requested therein. A hearing upon the order to show cause was held in Los Angeles July 26, 1923, at which the company signified its willingness to sell its public utility properties to the city at a price to be determined and fixed by the Railroad Commission.

A public hearing in this matter was held in Los Angeles on November 15, 1923, at which all interested parties were given an opportunity to appear and be heard. At this time reports and valuations of the water system were submitted by Arthur Taylor, of the firm of Salisbury, Bradshaw and Taylor, consulting engineers for the city of Beverly Hills, by Edward R. Bowen, consulting engineer for the Beverly Hills Utilities Company, and by N. R. MacKall, one of the Commission's hydraulic engineers. These reports were based upon a previously agreed inventory of the physical properties. Adjournment

was thereupon taken to a later date to enable the various parties involved to digest and analyze the reports submitted by the engineers, and to complete the unfinished appraisal of the lands and rights of way.

Subsequently negotiations were entered into between representatives of the city and the water company, in which it was definitely settled and agreed that the sum of two hundred and fifty thousand dollars (\$250,000) would be mutually acceptable to both parties as the purchase price to be paid by the city for all properties and rights to be acquired.

Further hearing was held at which a written stipulation between the city and the company was submitted to the Commission, embodying in detail the various items of physical property, lands, easements, rights of way and other rights and privileges, setting forth the terms and conditions surrounding the transfer thereof, and requesting the Railroad Commission to fix accordingly the just compensation. This stipulation reads in part as follows:

It is hereby stipulated and agreed by and between the City of Beverly Hills, a municipal corporation of the sixth class, the petitioner in the above entitled application, and Beverly Hills Utilities Company, a California corporation, defendant in the above entitled application, by their respective attorneys, that the petitioner will pay to the defendant for the water system of said defendant, as fully set out and described in the agreed inventory hereto attached, marked "Exhibit A" and hereby incorporated by reference, the sum of two hundred and fifty thousand dollars (\$250,000), and that the defendant will accept said sum of two hundred and fifty thousand dollars (\$250,000) as the just and fair compensation for said system, as set out and described upon said agreed inventory, and will convey all said property so described and set out upon said inventory, to said petitioner, for and upon payment of said consideration; and it is further stipulated and agreed that the Railroad Commission of the State of California may make its findings and order that the just and fair compensation to be paid by said petitioner to said defendant for said system as so set out and described upon said inventory, is the sum of two hundred and fifty thousand dollars (\$250,000).

Inasmuch as this stipulation fully and satisfactorily provides for the transfer of the properties at a price mutually acceptable, it appears unnecessary for the Commission to pursue to finality and reach a conclusion as to the amount to which the company would be entitled as just compensation. In the absence of a complete and conclusive analysis of the reports presented it would appear that the sum of two hundred and fifty thousand dollars (\$250,000) agreed upon by the city and the company is a reasonable price for the property sought to be acquired herein.

The matter therefore should be dismissed, and the parties to this proceeding may at their convenience petition the Commission to grant the necessary authority for the transfer of this property according to the regular procedure in such matters.

ORDER.

The city of Beverly Hills, a municipal corporation of the sixth class, having filed with the Railroad Commission a petition as entitled above, and the Railroad Commission having proceeded, under section 47 of the Public Utilities Act, to fix and determine the just compensation to be paid by the city of Beverly Hills to the Beverly Hills Utilities Company for the public utility water system supplying consumers in the city of Beverly Hills, public hearings having been held thereon at which was submitted a written stipulation in which the city of Beverly Hills and the Beverly Hills Utilities Company mutually agreed to the transfer of the properties more particularly described therein for a consideration of two hundred and fifty thousand dollars (\$250,000), the matter thereupon having been submitted, and it appearing that the necessity no longer exists for the finding by this Commission of the just compensation to be paid to the Beverly Hills Utilities Company by the city of Beverly Hills for the public utility property sought to be acquired herein;

It is hereby ordered, that the above entitled application be and the same is hereby dismissed, without prejudice.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this third day of January, 1924.

DECISION No. 12985.

IN THE MATTER OF THE APPLICATION OF SOUTHERN COUNTIES GAS COMPANY OF CALIFORNIA FOR AUTHORITY TO SELL ONE HUNDRED SIXTEEN THOUSAND SEVEN HUNDRED DOLLARS FACE VALUE OF FIRST MORTGAGE BONDS.

Application No. 9555.

Decided January 3, 1924.

Le Roy M. Edwards, for Applicant.

BY THE COMMISSION.

OPINION.

Southern Counties Gas Company of California asks permission to issue and sell at not less than 88 per cent of their face value and accrued interest \$116,700 of first mortgage 5½ per cent bonds payable May 1, 1936, and use the proceeds to reimburse its treasury because of earnings expended for extensions, additions and betterments to its plants and properties.

The Commission by its decision in Application No. 6307 authorized Southern Counties Gas Company of California to issue \$1,000,000 face value of ten-year collateral trust gold bonds. To secure the pay-

ment of the bonds the Commission authorized the company to issue and deposit \$1,312,500 face value of first mortgage 5½ per cent bonds. The agreement under which the collateral trust gold bonds were issued requires the company to maintain as collateral security first mortgage bonds in the amount of 131.25 per cent of the collateral trust bonds outstanding. The agreement permits the holders of the collateral trust bonds to exchange such bonds for the company's first mortgage bonds. Of the collateral trust bonds \$373,700 have been canceled leaving \$626,300 outstanding. The trustee, under the collateral trust agreement, now holds \$939,800 of the company's first mortgage bonds. The agreement requires the deposit of only \$823,100 of first mortgage bonds, or \$116,700 less than are now on deposit with the trustee.

It is the intention of the company to ask the trustee to return to its treasury the \$116,700 of first mortgage bonds which need not remain on deposit under the collateral trust agreement. Upon the receipt of the \$116,700 of bonds the company intends to sell the same for not less than 88 per cent of their face value and accrued interest and use the proceeds to reimburse its treasury because of earnings expended for extensions, additions and betterments to its plants and properties. The company's expenditures for extensions, additions and betterments, against which this Commission has not authorized the issue of stock, bonds or other evidences of indebtedness, are largely in excess of the amount of bonds which the company now asks permission to issue.

ORDER.

Southern Counties Gas Company of California, having applied to the Railroad Commission for permission to issue and sell \$116,700 of its first mortgage bonds, a public hearing having been held by Examiner Fankhauser, and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for by the issue of such bonds is reasonably required by applicant and that the expenditures herein authorized are not in whole or in part reasonably chargeable to operating expense or to income;

It is hereby ordered, that the Southern Counties Gas Company of California be and it is hereby authorized to issue and sell for not less than 88 per cent of their face value and accrued interest \$116,700 of its first mortgage 5½ per cent bonds due May 1, 1936, and use the proceeds to reimburse its treasury because of earnings expended for extensions, additions and betterments to its plants and properties.

The authority herein granted is subject to further conditions as follows:

1. Southern Counties Gas Company of California shall keep such record of the issue, sale and delivery of the bonds herein authorized and of the disposition of the proceeds as will enable it to file on or

before the twenty-fifth day of each month a verified report, as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

2. The authority herein granted will become effective upon the date hereof and will expire on May 1, 1924.

Dated at San Francisco, California, this third day of January, 1924.

DECISION No. 12989.

IN THE MATTER OF THE APPLICATION OF PACIFIC GAS AND ELECTRIC COMPANY, A CORPORATION, FOR AN ORDER OF THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA GRANTING TO APPLICANT A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY FOR THE EXERCISE OF CERTAIN FRANCHISE RIGHTS AND THE CONSTRUCTION, OPERATION AND MAINTENANCE OF A HIGH PRESSURE TRANSMISSION MAIN AND DISTRIBUTION SYSTEM IN THE TOWN OF SUNNYVALE, COUNTY OF SANTA CLARA, STATE OF CALIFORNIA.

Application No. 9473.

Decided January 4, 1924.

C. P. Cutten, for Applicant.

WHITTLESEY, Commissioner.

OPINION.

Pacific Gas and Electric Company asks the Railroad Commission to declare that public convenience and necessity require the exercise by applicant of the rights and privileges granted by Ordinance No. 109, passed September 17, 1923, by the board of trustees of the town of Sunnyvale, county of Santa Clara, State of California. A hearing was held on December 12, 1923, and the matter submitted.

A copy of this ordinance has been filed in this proceeding. In general it grants to Pacific Gas and Electric Company, its successors and assigns, for a term of fifty years, the right to lay and maintain gas pipes, mains and conduits, in the highways, streets and alleys in the town of Sunnyvale, and to use the same for the purpose of conveying, distributing and supplying gas to the public, and particularly to the inhabitants of the town of Sunnyvale, for light, heat, power, and all lawful purposes, all rights being subject to the terms and conditions set forth in the ordinance.

Among other things, the ordinance requires that applicant, its successors and assigns, pay during the life of the franchise to the said town of Sunnyvale an amount equal to 2 per cent of the gross annual receipts arising from the use, operation, or possession thereof, provided that no payments need be made during the first five years succeeding the date on which the franchise was granted.

Evidence shows that no other utility is at present supplying gas in said town of Sunnyvale, that applicant has adequate facilities for so

doing, and moreover that applicant desires and intends, if authorized by this Commission, to proceed at once to install the necessary transmission and distribution system to adequately render this service. Applicant reports the cost of securing this franchise at one hundred dollars (\$100), and has filed a stipulation agreeing that neither it nor its successors and assigns will ever claim before the Railroad Commission of the State of California, any court or other public body having jurisdiction, a value for this franchise in excess of one hundred dollars (\$100).

I hereby submit the following form of order:

ORDER.

Pacific Gas and Electric Company having asked the Railroad Commission to declare that public convenience and necessity require applicant, its successors and assigns, to exercise the rights and privileges granted to it by the town of Sunnyvale, county of Santa Clara, under Ordinance No. 109, passed on September 17, 1923, by the board of trustees of said town of Sunnyvale, public hearing having been held, and it appearing to the Railroad Commission that public convenience and necessity require the exercise by applicant, its successors and assigns, of the rights and privileges referred to in said ordinance; therefore,

The Railroad Commission of the State of California hereby declares that public convenience and necessity require, and will require the exercise by Pacific Gas and Electric Company, its successors and assigns, of the rights and privileges conferred upon it by Ordinance No. 109, passed on September 17, 1923, by the board of trustees of the town of Sunnyvale.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this fourth day of January, 1924.

DECISION No. 12992.

IN THE MATTER OF THE APPLICATION OF SOUTHERN COUNTIES GAS COMPANY OF CALIFORNIA FOR AUTHORITY TO ISSUE ADDITIONAL FIRST MORTGAGE BONDS IN THE AMOUNT OF FIVE HUNDRED EIGHTY THOUSAND NINE HUNDRED DOLLARS AND TO SELL THE SAME.

Application No. 9583.

Decided January 4, 1924.

Le Roy M. Edwards, for Applicant.

BY THE COMMISSION.

OPINION.

Southern Counties Gas Company of California asks permission, in the above entitled application, to issue and sell at not less than 88 per cent of their face value and accrued interest \$580,900 of its first mortgage $5\frac{1}{2}$ per cent bonds due May 1, 1936, and use the proceeds to pay for current indebtedness.

The company reports that it expended for fixed capital during the months of August, September and October, 1923, for financing extensions, betterments and improvements to its existing plants and properties, the sum of \$727,593.41. The amount expended by applicant in its several districts is reported as follows:

District	Amount expended
Orange County-----	\$85,923 28
Whittier -----	58,527 05
Pomona -----	38,094 57
Monrovia -----	24,440 89
Long Beach-----	126,177 56
San Pedro-----	66,724 43
Santa Monica Bay-----	189,555 39
Santa Barbara-----	44,747 41
Ventura -----	67,108 98
General -----	26,293 85
Total -----	\$727,593 41

Against this expenditure the company may ask the trustee under its first mortgage, to certify \$582,074.73 of bonds which amount is equal to 80 per cent of the reported expenditures. Because of expenditures for fixed capital made prior to August 1st the company under its first mortgage may call on the trustee to certify additional bonds in the sum of \$20,745.29, making a total of \$602,820.02. Of this amount of bonds the company asks permission to issue and sell \$580,900.

As of October 31, 1923, applicant reports current liabilities amounting to \$2,007,676.98. This amount consists of the following items:

Notes payable-----	\$430,810 36
Accounts payable—Miscellaneous-----	471,600 29
Accounts payable—Taxes not due-----	202,014 39
Accounts payable—Interest and insurance accrued-----	278,252 68
Accounts payable—Consumers' deposits-----	624,999 26
	<u>\$2,007,676 98</u>

The current assets of applicant as of October 31, 1923, are reported at \$1,601,063 and consist of the following items:

Pipe, fittings, construction material and merchandise-----	\$666,103 07
Accounts and notes receivable-----	312,393 10
Cash—operating -----	261,251 33
Funded debt interest and tax funds-----	224,826 22
Sinking fund—first and second mortgage bonds-----	133,989 28
Stocks and securities owned-----	2,500 00
	<u>\$1,601,063 00</u>

As of the same date applicant reports reserves amounting to \$1,221,213.74 and earned surplus of \$1,207,015.89.

The order herein will require that the proceeds obtained from the sale of the bonds be used by applicant to pay current liabilities.

ORDER.

Southern Counties Gas Company of California having applied to the Railroad Commission for permission to issue and sell \$580,900 face value of its first mortgage 5½ per cent bonds due May 1, 1936, a public hearing having been held before Examiner Fankhauser and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for by such issue is reasonably required by applicant and that the expenditures herein authorized are not in whole or in part reasonably chargeable to operating expenses or to income;

It is hereby ordered, that the Southern Counties Gas Company of California be and it is hereby authorized to issue and sell at not less than 88 per cent of their face value and accrued interest \$580,900 of its first mortgage 5½ per cent bonds due May 1, 1926, and use the proceeds to pay such current liabilities as may have been incurred for the purpose of acquiring or constructing extensions, additions and improvements to applicant's plants and properties, provided that only such costs of said extensions, additions and improvements as is properly chargeable to fixed capital accounts under the Commission's uniform system of accounts, be financed through the issue of the bonds herein authorized.

The authority herein granted is subject to further conditions as follows:

1. Southern Counties Gas Company of California shall keep such record of the issue, sale and delivery of the bonds herein authorized and of the disposition of the proceeds as will enable it to file on or before the twenty-fifth day of each month a verified report, as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

2. The authority herein granted to issue bonds will become effective when applicant has paid the fee prescribed by section 57 of the Public Utilities Act, which fee amounts to \$581. The authority to issue bonds will expire on June 1, 1924.

Dated at San Francisco, California, this fourth day of January, 1924.

DECISION No. 12997.

IN THE MATTER OF THE APPLICATION OF HONEY LAKE VALLEY
MUTUAL TELEPHONE ASSOCIATION, A CORPORATION, FOR AN
ORDER OF THE RAILROAD COMMISSION OF THE STATE OF
CALIFORNIA, PERMITTING AND AUTHORIZING APPLICANT TO

DISCONTINUE THE OPERATION OF ITS TELEPHONE SYSTEM
IN LASSEN COUNTY, CALIFORNIA.

Application No. 9379.

Decided January 9, 1924.

A. L. Wilson and *F. B. Hoffman*, for Applicant.

R. L. Kimmel and *Lyman G. Stiles*, for Protestants.

BY THE COMMISSION.

OPINION.

This is an application of Honey Lake Valley Mutual Telephone Association requesting authority to discontinue the operation of its telephone system. The telephone system referred to is owned and operated by applicant as a public utility and serves the towns of Buntingville, Standish, Johnstonville, Litchfield and Janesville and surrounding and adjacent territory, all in Lassen County. Applicant had at the time of the filing of its application about one hundred and seventy subscribers. Exchange telephone service is furnished from applicant's central office in Buntingville and toll service to outside points is made available by connection provided to the lines of the Nevada, California and Oregon Telegraph and Telephone Company at Susanville.

A public hearing in this proceeding was held before Examiner Satterwhite in Susanville on November 7, 1923.

Applicant submitted evidence at the hearing that the telephone business was at that time being operated at a loss and that there was no immediate prospect of a sufficient increase in business to appreciably alter this condition. Applicant's testimony showed that there has been a gradual decrease in its business since the time of beginning operations. Applicant further declared that, in order to continue rendering telephone service to its subscribers and patrons, it would be necessary to make extensive general repairs to its lines and system, and that there were no funds available for this purpose, and no known means of obtaining same in view of applicant's financial condition.

It also appears that the existing subscribers are not willing to pay any increase over the present rates. However, if the present rates were increased, any additional revenue which might in this way be obtained would be more than offset by a further loss in subscribers.

A number of persons appeared at the hearing to protest against the suspension of service, claiming that the lines of this system extended into sparsely settled territory where telephone service was urgently needed. These protestants expressed the belief that an organization could be formed from among the present subscribers to the service which would purchase the system from applicant to the end that service

might not be discontinued, but that some time would be required in which to perfect such an organization. Submission of the case was thereupon held in abeyance for thirty days, in order that protestants might make a report to the Commission providing they desired to proceed in this manner. No such request has been received from the protestants, and so the Commission must conclude that the protestants have abandoned their attempt to take over applicant's property.

It appears from the evidence before the Commission in this matter that applicant can not reasonably be required to continue service under existing conditions. Applicant should, therefore, be permitted to suspend service.

ORDER.

Honey Lake Mutual Telephone Association having applied to the Railroad Commission for authority to suspend service, a public hearing having been held and the matter being submitted and now ready for decision:

The Railroad Commission hereby finds as a fact that the applicant in this proceeding can not reasonably be required to continue service under existing conditions.

Basing its order on the foregoing finding of fact and upon other findings of fact contained in the opinion which precedes this order;

It is hereby ordered, that Honey Lake Mutual Telephone Association be and it is hereby authorized to suspend telephone service furnished over the lines of its system in Lassen County, and to abandon all public utility operations from and after March 1, 1924, provided that applicant send written notice to each of its subscribers as to its intention of discontinuing service, prior to January 20, 1924, and that a certified copy of such notification be filed with the Railroad Commission on or before January 25, 1924. The effective date of this order shall be February 1, 1924.

Dated at San Francisco, California, this ninth day of January, 1924.

DECISION No. 13009.

IN THE MATTER OF THE APPLICATION OF BEVERLY HILLS UTILITIES COMPANY, A CORPORATION, AND OF THE CITY OF BEVERLY HILLS, FOR AN ORDER AUTHORIZING SAID COMPANY TO SELL ITS WATER PLANT AND SYSTEM TO SAID CITY.

Application No. 9668.

Decided January 9, 1924.

BY THE COMMISSION.

ORDER.

Beverly Hills Utilities Company, a corporation, having made application to this Commission to transfer to the city of Beverly Hills, a

municipal corporation of the sixth class, a certain public utility water system supplying consumers in and in the vicinity of said city, and to be released from its duty as a public utility to furnish water, and the said city of Beverly Hills having joined in the application, and it appearing that this is not a matter in which a public hearing is necessary and that the application should be granted;

It is hereby ordered, that Beverly Hills Utilities Company, a corporation, be and the same is hereby authorized to transfer to the city of Beverly Hills, a municipal corporation of the sixth class, a certain public utility water system supplying consumers in and in the vicinity of said city, and more particularly described in a certain stipulation between the parties hereto, filed with this Commission on December 7, 1923, in Application No. 9141, entitled: City of Beverly Hills, a municipal corporation of the sixth class, petitioner, versus Beverly Hills Utilities Company, a corporation, defendant, and hereto referred to and made a part hereof, upon the following conditions:

1. The transfer herein authorized shall apply only to such transfer as shall have been completed on or before July 31, 1924, and a certified copy of the final instrument of conveyance shall be filed with this Commission by Beverly Hills Utilities Company, a corporation, within thirty (30) days of the date on which it is executed.

2. Within ten (10) days of the date upon which Beverly Hills Utilities Company, a corporation, actually relinquishes control and possession of the property herein authorized to be transferred, it shall file with this Commission a certified statement indicating the date upon which such control and possession was relinquished.

It is hereby further ordered, that upon the completion of the transfer herein authorized and upon the compliance by Beverly Hills Utilities Company, a corporation, with the foregoing conditions, the said company be and it is hereby relieved of its obligations as a public utility to supply water to consumers.

Dated at San Francisco, California, this ninth day of January, 1924.

DECISION No. 13015.

IN THE MATTER OF THE APPLICATION OF PACIFIC ELECTRIC LAND COMPANY, A CORPORATION, TO TRANSFER, AND OF PACIFIC ELECTRIC RAILWAY COMPANY, A CORPORATION, TO ACQUIRE THE AUTO BUSES AND RIGHTS TO OPERATE SUCH AS MOTOR VEHICLE CARRIER NOW BEING OWNED AND OPERATED BY PACIFIC ELECTRIC LAND COMPANY IN CALIFORNIA.

Application No. 9470.

Decided January 9, 1924.

Frank Karr, for Applicants.

*SHORE, Commissioner.***OPINION.**

This is a joint application of Pacific Electric Land Company, a corporation, and Pacific Electric Railway Company, a corporation, in which they petition the Railroad Commission for an order authorizing the land company to sell and the railroad company to purchase and acquire and thereafter operate certain automotive stage lines, including certificates of public convenience and necessity now in the name of the land company.

The land company is at the present time operating automotive stage lines for the transportation of passengers under certificates of public convenience and necessity in and adjacent to the cities of San Bernardino, Redlands, Glendale, Santa Ana, Beverly, Alhambra, South Pasadena, Maywood, Pasadena and Los Angeles (stockyards run). The application states that the land company has incurred an original investment, depreciated, amounting to \$305,083.99 as of July 1, 1923, and in the operation of such service had incurred an operating loss of \$41,877.61 as of July 1, 1923, making a total cost depreciated of said investment, service and business amounting to \$346,961.60.

Included with the operative rights it is proposed to transfer some 51 units of automotive equipment of various makes and carrying capacities. It is also proposed to transfer several busses not at the present time completed, the application requesting that a supplemental order be made bringing the entire financial transactions down to the date of such transfer in order that the books of the respective companies may be adjusted accordingly. In other words, the Commission is asked to authorize the Pacific Electric Land Company to sell its auto busses and equipment at their depreciated cost to the Pacific Electric Railway Company, such depreciated costs, however, to include the operating losses of the land company as stated above. It is urged in the application that the land company, in operating the auto bus lines herein proposed to be transferred, was doing so as the agent of the railway company. The fact is that each and every certificate herein sought to be transferred was applied for, for and in the name of the land company; that the decisions of the Commission creating such certificates were issued solely in the name of the land company; that the land company itself legally owned such certificates and also owned the equipment operated under the authorities thereof and did not act at any time legally as agent or in the name of Pacific Electric Railway Company. The operations of the land company were at all times separate and distinct, with respect to business operation, from the operations of the railway company, with the sole exception that in some instances transfer privileges were established between the two transportation companies.

I do not believe that this Commission should recognize, in the price to be paid for property to be acquired by a public utility, any such items as losses incurred by the proposed seller in past operations or any such items as unearned accrued depreciation or unearned interest upon investment. It is clear that the only authorization required in this proceeding is authority for the land company to transfer certificates held by it in its own name to the railway company and such authorization will be granted with the distinct understanding that the Railroad Commission in no way recognizes any amount paid by the railway company to the land company for properties herein sought to be acquired other than the reasonable depreciated present value of the physical properties proposed to be acquired.

I submit the following form of order:

ORDER.

A public hearing having been held in the above entitled proceeding, evidence submitted and the Commission being fully advised;

It is hereby ordered, that Pacific Electric Land Company be and it hereby is authorized to transfer to Pacific Electric Railway Company; and the Pacific Electric Railway Company be and it hereby is authorized to acquire and operate thereunder the certificates of public convenience and necessity as set forth in detail in the exhibit attached to the application herein, subject to the following conditions:

1. The consideration to be paid for the property herein authorized to be transferred shall never be urged before this Commission or any other rate fixing body as a measure of value of said property for rate fixing or any purpose other than the transfer herein authorized.

2. Applicant Pacific Electric Land Company shall immediately cancel all tariff of rates and time schedules now on file with the Commission covering service, certificate for which is herein authorized to be transferred. Such cancellation to be in accordance with the provisions of General Order No. 51.

3. Applicant Pacific Electric Railway Company shall immediately file, in duplicate, tariff of rates and time schedules or adopt as its own the tariff of rates and time schedules as filed by applicant Pacific Electric Land Company covering said service. Said tariff of rates and time schedules to be identical with those as filed by applicant Pacific Electric Land Company.

4. The rights and privileges herein authorized to be transferred shall not be discontinued, sold, leased, transferred nor assigned unless the written consent of the Railroad Commission to such discontinuance, sale, lease, transfer or assignment has first been secured.

5. No vehicle may be operated by applicant railway company unless such vehicle is owned by said applicant or is leased under a contract or agreement on a basis satisfactory to the Railroad Commission.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this ninth day of January, 1924.

DECISION No. 13016.

IN THE MATTER OF THE APPLICATION OF RICHMOND AND SAN RAFAEL FERRY AND TRANSPORTATION COMPANY FOR AUTHORITY TO ISSUE ONE THOUSAND NINE HUNDRED THIRTY-FOUR SHARES OF THE CAPITAL STOCK OF SAID COMPANY.

Application No. 9580.

Decided January 9, 1924.

G. B. Blanckenburg, for Applicant.

BY THE COMMISSION.

OPINION.

In this application Richmond and San Rafael Ferry and Transportation Company asks permission to issue and sell at par 1934 shares (\$193,400 par value) of common capital stock for the purpose of paying in part the cost of a new automobile ferry boat and a new terminal and appurtenances.

Applicant has an authorized stock issue of \$500,000 divided into 5000 shares of the par value of \$100 each. Stock in the amount of \$306,600 has been issued and is now outstanding. It is of record that the present stockholders of the corporation will purchase all of the \$193,400 of additional stock which applicant asks permission to issue and will pay par therefor.

Applicant has entered into a contract with James Robertson for the construction of a new ferry boat similar to the ferry boat "City of Richmond" now owned and operated by applicant. The new boat will be of wooden construction and will have a carrying capacity of about sixty automobiles. The boat is to be completed on or before May 18, 1924. The cost of the boat will be about \$160,000.

Applicant has undertaken the construction of a new terminal at Richmond. The relocation of applicant's Richmond terminal will not only shorten the length of time consumed in making the steamer trip but will be safer for public conveyance because the boats will avoid certain sunken rocks located near the present terminal. The new terminal should enable applicant to shorten the steamer trip from seven to ten minutes. The cost of the new terminal is estimated at \$100,000. This includes ferry slips, piers, roadway and other appurtenances.

Applicant intends to pay such part of the boat and new terminal as may be in excess of \$193,400 (the amount of stock which it asks permission to issue) through the investment of earnings.

ORDER.

Richmond and San Rafael Ferry and Transportation Company having applied to the Railroad Commission for permission to issue \$193,400 of stock, a public hearing having been held and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for by the issue of such stock is reasonably required by applicant, and that the expenditures herein authorized are not in whole or in part reasonably chargeable to operating expense or to income;

It is hereby ordered, that the Richmond and San Rafael Ferry and Transportation Company be and it is hereby authorized to issue and sell for cash at not less than par \$193,400 par value of its common capital stock and use the proceeds for the purpose of paying in part the cost of the boat and the construction of the terminal and appurtenances described in this application.

The authority herein granted is subject to further conditions as follows:

1. Richmond and San Rafael Ferry and Transportation Company shall keep such record of the issue, sale and delivery of the stock herein authorized and of the disposition of the proceeds as will enable it to file on or before the twenty-fifth day of each month a verified report, as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

2. The authority herein granted will become effective upon the date hereof and will expire on August 1, 1924.

Dated at San Francisco, California, this ninth day of January, 1924.

DECISION No. 13018.

IN THE MATTER OF THE APPLICATION OF THE SANTA FE AND LOS ANGELES HARBOR RAILWAY COMPANY FOR AUTHORITY TO CONSTRUCT ITS LINE OF RAILROAD OVER AND ACROSS THE STREETS AND ALLEYS, ROADS AND LINES OF ELECTRIC RAILWAY BETWEEN EL SEGUNDO AND WILMINGTON, LOS ANGELES COUNTY, CALIFORNIA.

Application No. 9145.

Decided January 9, 1924.

BY THE COMMISSION.

FIRST SUPPLEMENTAL ORDER.

WHEREAS, After public hearing the Commission on September 14, 1923, made its opinion and order in the above entitled application

wherein Santa Fe and Los Angeles Harbor Railway Company was authorized to construct its line of railroad across certain public highways in the County of Los Angeles in a manner and subject to certain conditions therein specified; and

WHEREAS, Permission to construct said line of railroad across Main street, sometimes known as Wilmington boulevard, has been withheld pending the submission of detail plans of the manner in which applicant proposes to construct said line of railroad above said Main street; and

WHEREAS, Such detail plans have now been filed by applicant and it appearing to the Commission that permission should now be granted Santa Fe and Los Angeles Harbor Railway Company to construct its track across said Main street at separated grades subject to the conditions hereinafter specified; therefore

It is hereby ordered, that permission be and it is hereby granted Santa Fe and Los Angeles Harbor Railway Company to construct its track at separated grades across Main street in the county of Los Angeles, State of California, at the location shown on the map (S. F. & L. A. H. RY. CO. El Segundo-Wilmington Line, Proposed Revision of grade at Main street, 88-16004, dated November 1, 1923), subject to the following conditions, viz:

(1) Said separated grade crossing shall be constructed substantially in accordance with plan (S. F. & L. A. H. RY. Culverts & Drainage, Main Street Crossing 88-15987, dated October 26, 1923).

(2) The expense of construction of said crossing together with the cost of its maintenance thereafter in good and first-class condition for the safe and convenient use of the public shall be borne by applicant.

(3) Applicant shall within thirty (30) days thereafter notify this Commission, in writing, of the completion of the installation of said crossing.

(4) If said crossing shall not have been installed within one year from the date of this order, the authorization herein granted shall then lapse and become void, unless further time is granted by subsequent order.

(5) The Commission reserves the right to make such further orders relative to the location, construction, operation, maintenance and protection of said crossing as to it may seem right and proper and to revoke its permission if, in its judgment, the public convenience and necessity demand such action.

Dated at San Francisco, California, this ninth day of January, 1924.

DECISION No. 13020.

IN THE MATTER OF THE APPLICATION OF WESTERN UNION TELEGRAPH COMPANY, A CORPORATION, TO INCREASE CERTAIN RATES FOR THE TRANSMISSION OF INTRASTATE PRESS DISPATCHES.

Application No. 7133.

Decided January 9, 1924.

BY THE COMMISSION.

OPINION AND ORDER DENYING REHEARING.

A petition for rehearing was filed herein by Western Union Telegraph Company December 15, 1923, requesting the Commission to modify its Decision No. 12876 rendered November 28, 1923, and either grant certain increases in rates theretofore sought by applicant or, if such request be denied, "that such denial be without prejudice to applicant to offer such evidence in support of said application, as it may be advised."

The Commission, having fully considered said petition for rehearing, is of the opinion, as set forth in its Decision No. 12876 above referred to, that the increase in rates for press dispatches, for which authorization was sought by applicant, was not shown to be justified and that the grounds set forth in said petition for rehearing are insufficient to justify the granting of said petition. There appears to be no good reason, however, why the denial of such rehearing should not be made without prejudice to the right of applicant, if it be so advised, to apply by supplemental petition or application for a reopening of this proceeding for the purpose of introducing additional evidence in support of its request for authorization of increased rates.

Petitioner has also called attention to a statement contained in the opinion preceding the order in said Decision No. 12876 "that the Interstate Commerce Commission has authorized for interstate press messages the same increase now sought for intrastate press messages; that in 27 of the states similar increases for intrastate press business have been authorized by the state regulatory bodies." The fact appears to be that such increases have become effective as to all interstate messages, and in 37 states, as to intrastate messages. As to all interstate messages, and in some instances as to intrastate business, such increases took effect under the existing provision of law without previous specific authorization by the Interstate Commerce Commission or state regulatory bodies, as the case might be. In some of the states, however, the authorization was obtained, as stated in our prior opinion.

It is hereby ordered, that the petition for rehearing filed herein by Western Union Telegraph Company on December 15, 1923, be and the same is hereby denied.

This order shall be deemed without prejudice to the petitioner to apply for a further order herein reopening this proceeding for the purpose of receiving additional evidence in support of the original application.

Dated at San Francisco, California, this ninth day of January, 1924.

DECISION No. 13021.

IN THE MATTER OF THE APPLICATION OF SAN JOAQUIN LIGHT
AND POWER CORPORATION FOR AN ORDER AUTHORIZING THE
ISSUE AND SALE OF BONDS.

Application No. 9651.

Decided January 10, 1924.

A. E. Peat, for Applicant.

BRUNDIGE, *Commissioner*.

OPINION.

In this application San Joaquin Light and Power Corporation asks permission to issue and sell at not less than 95 per cent of their face value plus accrued interest \$2,500,000 of its Series "B" unifying and refunding mortgage 6 per cent bonds due March 1, 1952, for the purpose of reimbursing its treasury and of financing the cost of extensions, additions and betterments to its plants and properties.

By Decision No. 8716, dated March 9, 1921, as amended, the Railroad Commission authorized San Joaquin Light and Power Corporation to execute its unifying and refunding mortgage to secure the payment of an authorized issue of \$150,000,000 of bonds. As of November 30, 1923, the company reports outstanding \$15,333,000 of unifying and refunding bonds consisting of \$1,200,000 of 7 per cent bonds due in equal annual instalments on the first day of March of each of the years 1924 to 1926 inclusive, \$7,000,000 of Series "A" 7 per cent bonds due March 1, 1951, and \$7,133,000 of Series "B" 6 per cent bonds due March 1, 1952. In addition, the company reports outstanding \$16,650,000 of underlying bonds consisting of \$14,313,000 of applicant's first and refunding mortgage bonds due 1950 and \$2,340,000 of San Joaquin Light and Power Corporation bonds due 1945.

The company's capital stock as of the same date is reported at \$25,045,900, consisting of \$7,545,900 of prior preferred 7 per cent stock, \$6,500,000 of preferred 6 per cent stock and \$11,000,000 of common stock.

The company now reports that on November 30, 1923, its uncapitalized construction expenditures amounted to \$403,309.48. A part of these expenditures will be financed through the issue of bonds heretofore authorized. In addition, it reports it will need \$1,026,422.81 to complete approved estimates and \$2,135,502 to take care of its estimated 1924 construction expenditures. The actual or estimated expenditures total \$3,565,234.29. It is to finance a portion of these expenditures that applicant now asks permission to issue and sell \$2,500,000 of its bonds. It has arranged to sell the bonds at 95 per cent of their face value plus accrued interest.

I herewith submit the following form of order:

ORDER.

San Joaquin Light and Power Corporation having applied to the Railroad Commission for permission to issue and sell \$2,500,000 of bonds, a public hearing having been held and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for through the issue and sale of such bonds is reasonably required by applicant for the purpose or purposes specified herein and that the expenditures for such purpose or purposes are not in whole or in part reasonably chargeable to operating expenses or to income;

It is hereby ordered, that San Joaquin Light and Power Corporation be and it is hereby authorized to issue and sell \$2,500,000 of its unifying and refunding mortgage Series "B" 6 per cent bonds at not less than 95 per cent of their face value plus accrued interest, and to use the proceeds for the purpose of financing in part such portion of the cost of the extensions, additions and betterments described in this application and referred to in the foregoing opinion as is properly chargeable to capital account under the uniform system of accounts prescribed or adopted by the Railroad Commission.

The authority herein granted is subject to further conditions, as follows:

1. The authority herein granted will not become effective until applicant has paid the fee prescribed by section 57 of the Public Utilities Act, which fee is \$1,750, and will expire on August 30, 1924.
2. Applicant shall keep such record of the issue, sale and delivery of the bonds herein authorized and of the disposition of the proceeds as will enable it to file on or before the twenty-fifth day of each month a verified report, as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this tenth day of January, 1924.

DECISION No. 13022.

IN THE MATTER OF THE APPLICATION OF THE PEOPLE OF THE STATE OF CALIFORNIA ON RELATION OF THE DEPARTMENT OF PUBLIC WORKS FOR AN ORDER AUTHORIZING THE CONSTRUCTION OF A STATE HIGHWAY CROSSING UNDER THE TRACKS OF THE SACRAMENTO NORTHERN RAILROAD, A CORPORATION, AT TARKE STATION, SUTTER COUNTY, CALIFORNIA.

Application No. 9318.

Decided January 10, 1924.

Paul F. Fratessa, for Applicant.
Chas. R. Detrick and *Theodore W. Chester*, for Sacramento Northern Railroad.
Arthur Coates, for Sutter County.
J. H. Ahlf, for Board of Supervisors, Sutter County.

WHITTLESEY, Commissioner.

OPINION.

In this application the people of the State of California, through the Department of Public Works, hereinafter called the Highway Commission, ask for an order authorizing the construction of a state highway under the track of Sacramento Northern Railroad, near Tarke Station between Meridian and Sutter, and apportioning the cost thereof.

A public hearing was held on this application in Sacramento, November 14, 1923.

The proposed crossing is located as shown in applicant's Exhibit "A" under the track of the Colusa branch of said railroad, about four hundred (400) feet westerly from the westerly levee of the Butte Slough upon which there now exists a public grade crossing known as the Tarke crossing. Another grade crossing, known as the Hageman crossing, is located at Hageman Station about seventy-five hundred (7500) feet west of the proposed crossing.

The proposed crossing is on the state highway, route 15, known as the Ukiah-Tahoe lateral, a portion of which is now being constructed (including concrete paving) from Williams to Yuba City, passing through Colusa, Meridian and Sutter City, using for the most part the right of way of existing county roads. Where this subway is proposed, however, the state highway is located on a new right of way, there never having been a road at this point. This new section of road extends in an easterly direction from a point southerly of the Hageman

crossing about a mile and a half where it is proposed to cross under the track of the Colusa branch of Sacramento Northern Railroad and connects with the westerly end of the Butte Slough highway bridge and viaduct about two hundred (200) feet northerly of the Tarke crossing. The part of this new section of highway south of the railroad has been graded and paved.

One of the existing county roads leads from the state highway at a point south of the Hageman crossing, extends northerly across the railroad and then turns easterly and connects with the Butte Slough bridge. The other road extends southerly from the westerly end of the Butte Slough bridge, crosses the railroad at the Tarke crossing and connects with the Sutter Basin (a large agricultural district) and Knights Landing to the south. Sutter County is now constructing a short connecting road from the Sutter Basin road just south of the railroad in a westerly direction connecting with the new state highway immediately south of the proposed undergrade crossing. The purpose of this connecting road is to divert the vehicular traffic from the Tarke crossing to the proposed undergrade crossing. Although this connecting county road will divert ordinary vehicular traffic from the Tarke crossing to the subway, harvesters, tractors and heavy farm implements will still continue to use the Tarke crossing because the subway structure will not have sufficient overhead clearance for large harvesters and because tractors would cause undue damage to the pavement of the highway.

The county road passing over the tracks at Hageman crossing was originally used by all east and west traffic between Williams and Yuba City but since the new stretch of state highway has been built south of the railroad and the connecting county road to the Sutter Basin road has been opened practically all through traffic now uses the Tarke crossing. The Hageman crossing serves an agricultural territory north of the railroad and this road will continue to be a necessity for local travel.

It appears that the Hageman crossing is necessary to give an outlet to the local residents living north of the railroad and that it can not be closed. The Tarke crossing, however, can be closed to all vehicular traffic except to harvesters, tractors and heavy farming machinery and farm gates should be constructed on either side of the crossing and opened only to let such farming machinery cross over the tracks when the new crossing is constructed.

On November 6, 1923, a traffic check was taken at the Hageman crossing (Sacramento Northern Railroad Exhibit "E") which shows that fifty-one vehicles and fourteen trains passed over the crossing in the twelve hours between 6.54 a.m. and 6.56 p.m. At the Tarke cross-

ing on November 7, 1923, 271 vehicles and fourteen trains passed over the crossing in the twelve hours between 6.56 a.m. and 6.44 p.m. Undoubtedly when the state highway is entirely paved between Williams and Yuba City the through traffic will very materially increase.

Applicant estimates that the cost of grade separation as proposed would be approximately sixteen thousand (16,000) dollars, excluding the cost of paving the roadway.

The accuracy of this estimate was not disputed by Sacramento Northern Railroad but it contended that for it to bear any portion of the cost of a subway under its tracks would be burdensome. It admitted that if grades were to be separated the location chosen was proper but expressed the opinion that grade separation was not justified. The Sacramento Northern sets forth that it has built four concrete and steel subways at Yuba City and Meridian. It appears that the bridge across the Feather River and the subways at Yuba City were built as no part of the Colusa branch, but as a part of the main line between Marysville and Chico, and that the Colusa branch actually starts at Colusa Junction, about three miles west of Yuba City.

A grade crossing at the location of the proposed subway would be relatively expensive and it appears that if a subway is to be constructed the most advantageous time for this work to be done would be the present while the highway is being constructed. If the Highway Commission had chosen to improve one of the existing county roads and a separation of grades should thereafter have been ordered at either of the existing grade crossings it is probable that one-half of the cost of grade separation would have been assessed to the railroad, but at either of these locations the cost of grade separation would have been considerably more than at the proposed point of crossing for the reason that the country is practically flat in the vicinity of the Hageman crossing and the Tarke crossing is located on the west levee of Butte Slough whereas at the point of proposed crossing the railroad is carried on a single track embankment about eleven feet high and the alignment of the highway is such that a sharp turn is eliminated at the west end of the Butte Slough bridge.

It is equitable under the circumstances that the railroad should pay some portion of the cost of grade separation, but due to the fact that the Hageman crossing will remain open and that the Tarke crossing will be open for the movement of heavy farm implements, it does not appear proper that the railroad should bear as much as one-half of the cost of the subway. On the other hand, a study of all the evidence in this proceeding clearly indicates that the railroad will receive a substantial benefit from the construction of this subway and it appears equitable that the cost of this subway, exclusive of paving, should be

assessed one-fourth to the railroad and three-fourths to the applicant. The cost of paving the highway both through the subway and on the approaches should be borne by applicant.

The following form of order is recommended:

ORDER.

The people of the State of California on relation of the Department of Public Works having applied to the Commission for an order authorizing the construction of an undergrade crossing under the tracks of Sacramento Northern Railroad near Tarke Station, Sutter County, and dividing the cost thereof, a public hearing having been held, the matter being under submission and ready for decision;

It is hereby ordered, that the people of the State of California on relation of the Department of Public Works be and they are hereby authorized to construct an undergrade crossing under the tracks of Sacramento Northern Railroad near Tarke, Sutter County, substantially in accordance with the plan marked Exhibit "A" attached to the application, subject to the following conditions and not otherwise:

(1) All clearances shall conform with the Commission's General Order No. 26.

(2) Substantial gates shall be constructed at the expense of applicant at the railroad right of way line on both sides of the existing Tarke crossing, located approximately four hundred feet easterly of the crossing herein authorized, and notices shall be posted stating that said existing Tarke crossing is to be used only for the movement of harvesters, tractors and heavy farm machinery.

(3) Applicant shall within thirty (30) days thereafter notify this Commission of the installation of said crossing.

(4) If said crossing shall not have been installed within one year from the date of this order the authorization herein granted shall then lapse and become void unless further time is granted by subsequent order.

It is hereby further ordered, that the cost of constructing said undergrade crossing shall be borne as follows:

(a) Seventy-five (75) per cent of the cost of constructing the crossing, exclusive of paving roadway, shall be borne by applicant.

(b) Twenty-five (25) per cent of the cost of constructing the crossing, exclusive of paving the roadway, shall be borne by Sacramento Northern Railroad.

(c) The entire cost of paving the roadway shall be borne by applicant.

It is hereby further ordered, that the Commission reserves the right to make such further orders relative to the location, construction, operation, maintenance and protection of said crossing as to it may seem right and proper and to revoke its permission, if, in its judgment, the public convenience and necessity demand such action.

This order shall become effective ten (10) days after the making thereof.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this tenth day of January, 1924.

DECISION No. 13023.

IN THE MATTER OF THE APPLICATION OF COASTSIDE TRANSPORTATION COMPANY, A CORPORATION, TO ISSUE STOCK; THE APPLICATION OF EDWARD SERRETTO, LOUIS A. MATTEI AND E. MICHEL, COPARTNERS, DOING BUSINESS UNDER THE FICTITIOUS NAME AND STYLE OF COASTSIDE TRANSPORTATION COMPANY, TO TRANSFER CERTAIN OPERATIVE RIGHTS AND OTHER PROPERTY TO SAID CORPORATION AND RECEIVE STOCK IN EXCHANGE THEREFOR, AND COASTSIDE TRANSPORTATION COMPANY, A CORPORATION, TO ACQUIRE SAID OPERATIVE RIGHTS AND OTHER PROPERTY AND ISSUE STOCK IN EXCHANGE THEREFOR; THE RATIFYING AND VALIDATING OF CERTAIN OPERATIONS, AND AUTHORIZING THE CONTINUANCE OF SUCH OPERATIONS.

Application No. 9320.

Decided January 10, 1924.

Harry A. Encell, by James A. Miller, for Applicants.

BY THE COMMISSION.

OPINION.

This proceeding is a joint application filed by Edward Serretto, Louis A. Mattei and E. Michel, copartners doing business under the fictitious name and style of Coastsides Transportation Company, and Coastsides Transportation Company, a corporation, in which the copartnership applies for an order of the Railroad Commission defining the operative rights owned by said copartnership and authorizing the transfer of such operative rights to the corporation and of the corporation for permission to issue stock and assume indebtedness.

A public hearing in the above entitled proceeding was held before Examiner Fankhauser at San Francisco on September 11, 1923, at which time the matter was submitted and it is now ready for decision.

The copartnership at the present time possesses the following operative rights:

Under Decision No. 11654 in Application No. 8252, dated February 13, 1923, a certificate was issued authorizing operation of an automotive stage line as a common carrier of freight and express between San Francisco, Pescadero and intermediate points, California, via the so-called "Coast Route."

Under Decision No. 12052 in Application No. 8949, dated May 8, 1923, a certificate was issued authorizing operation of an automobile truck line as a common carrier of freight and express between San Mateo and Half Moon Bay, as a part of and in connection with their existing operation between San Francisco, Pescadero and intermediate points. This operative right expressly prohibited transportation of any property for compensation between San Francisco and San Mateo. It also prohibits operation of trucks destined to or from San Francisco over the main state highway, known as the "Peninsula Highway," between San Francisco and San Mateo in either direction.

Under Decision No. 12130 in Application No. 8963, dated May 24, 1923, the copartnership was authorized to acquire the operative rights heretofore owned by Neal Forrest, doing business under the fictitious name of Red Star Stage Line, which operative rights authorize operation of passenger, freight and express service between San Francisco, Pescadero and intermediate points, via the "Coast Route."

It appears that the Red Star Stage Line had, since prior to May 1, 1917, been intermittently operating freight, express and passenger service beyond Pescadero to Pigeon Point. This service was not upon a regular schedule, but only upon call. There is a government light-house situated at Pigeon Point and it is only on infrequent occasions that telephone calls are received at Pescadero for transportation service or a passenger from San Francisco to Pescadero desires to be transported to Pigeon Point or points intermediate thereto. Farmers in this district also call Pescadero when they are desirous of shipping their products or receiving shipments from San Francisco. Due to the fact that this territory is entirely without means of public transportation and that the previous application of the Red Star Stage Line did not include this portion of its operation, the present order should specifically grant a certificate authorizing extension into this territory.

The copartnership believes that its business can be conducted more economically and efficiently by a corporation and accordingly has organized the Coastside Transportation Company for the purpose of acquiring the operative rights, business and other properties now owned and operated by it.

The articles of incorporation of Coastside Transportation Company, a copy of which is attached to the application, show that it was formed

on or about August 9, 1923, with an authorized capital stock of \$150,000 divided into 15,000 shares of the par value of \$10 each.

The corporation now asks permission to issue \$90,030 of stock. It proposes to sell \$30 of stock at par for cash to its directors for qualifying purposes and to deliver \$90,000 of stock to Edward Serretto, Louis A. Mattei and E. Michel. Applicants submitted a balance sheet (Exhibit C) of the copartnership as of August 1, 1923, which shows a surplus of \$41,238.16. Subsequent to the hearing, and in response to a request by the Commission, a balance sheet as of August 31, 1923, was submitted, which balance sheet shows the following:

<i>Assets.</i>	
Automobiles	\$52,519 68
Shop equipment	6,585 31
Office equipment	374 43
Franchises and goodwill	26,940 51
Lease deposit	500 00
Accounts receivable	3,594 14
Consumable supplies	212 51
Buildings and land	25,000 00
Unexpired insurance	2,941 23
Station betterments	340 62
Suspense account	427 44
Bank account (credit balance)	893 53
Total assets	\$118,542 34
<i>Liabilities.</i>	
Accounts payable	\$15,544 28
Notes payable	5,350 20
Mortgage	9,000 00
Reserve for depreciation	3,895 30
Salaries unpaid	2,150 85
Cash invested	55,778 97
Surplus	25,500 00
Surplus from operations	1,322 74
Total liabilities	\$118,542 34

The automobiles to be transferred to the corporation include ten trucks and five trailers for hauling freight and six stages for transporting passengers. The \$52,519.68 represents original cost plus additions less depreciation estimated to have accrued since date of purchase. The \$26,940.51 for franchises and goodwill represents, it appears, the amounts paid by the copartners to Red Star Stage Line, their predecessor, for their operative rights, plus an allowance of \$9,000 for estimated appreciation in value. The buildings and land, which are carried among the assets at \$25,000, were purchased, so it appears, for \$14,000 but subsequently were estimated to possess an additional value of \$11,000. Shop equipment is likewise carried on the books at an appreciated value of \$5,500.

The \$15,544.28 of accounts payable represents amounts due on account of the purchase of trucks and stages. The \$5,350.20 of notes

consists of two notes due December 31, 1923: one for \$705 without interest and one for \$4,645.20 with interest at 6 per cent. The mortgage of \$9,000 is a lien on the buildings and properties, and matures July 1, 1924, with interest at 6 per cent. The surplus of \$25,500 represents the estimated appreciation in value of assets and consists of \$9,000 for franchise, \$5,500 for shop equipment and \$11,000 for properties and buildings. The surplus of \$1,322.74 represents net earnings from April 16, 1923, the date operations commenced, to August 31, 1923.

The uniform classification of accounts for Class A automotive transportation companies, effective January 1, 1922, requires that the various plant and equipment accounts should show the cost of the property acquired or constructed. In our opinion, adjustment of asset accounts to reflect an estimated appreciation in the value of the assets is contrary to the Commission's system of accounting referred to, and which applies to applicants. The uniform system of accounts does not authorize the creation of a surplus, through a valuation of the assets. We think the surplus of \$25,500 reported by applicants should be eliminated from applicants' records, and their books adjusted accordingly.

Section 52 of the Public Utilities Act provides among other things that the Commission shall have no power to authorize the capitalization of any franchise or permit, in excess of the amount (exclusive of any tax or annual charge) actually paid to the state or to a political subdivision thereof as the consideration for the grant of such franchise, permit or right. Applicants made no showing as to the amount paid to the state or a political subdivision thereof for the right to operate auto stages and trucks. No such showing having been made, we will not authorize the issuance of any stock to capitalize the amount paid to the Red Star Stage Line or any one else for its operative rights. Neither will we authorize the issue of any stock to capitalize the estimated increase in the value of the assets. We will authorize the issue of \$43,090 of stock, including \$30 for directors' shares. We will also authorize the corporation to assume the payment of indebtedness in the amount of not exceeding \$32,045.33, making a total stock issue and indebtedness assumed of \$75,135.33.

ORDER.

Application having been made to the Railroad Commission for an order authorizing the transfer of operative rights and properties and the issue of \$90,030 of stock, a public hearing having been held and the Railroad Commission being of the opinion that the application should be granted as herein provided, and that the issue of \$43,090 of stock is reasonably required by Coastside Transportation Company;

It is hereby ordered, that Edward Serretto, Louis A. Mattei and E. Michel, copartners, be and they hereby are authorized to transfer to the Coastside Transportation Company, a corporation, operative rights secured by them under Decisions Nos. 11654, 12052 and 12130.

The Railroad Commission hereby declares that public convenience and necessity require the operation by Coastside Transportation Company, a corporation, of an automotive stage line as a common carrier of freight, express and passengers upon demand between Pescadero and Pigeon Point and intermediate points in conjunction with and as a part of the existing operative rights hereinabove authorized to be transferred to said corporation; and

It is hereby further ordered, that a certificate of public convenience and necessity be and the same hereby is granted.

It is hereby further ordered, that the copartnership shall immediately cancel tariff of rates and time schedules now on file with the Railroad Commission in the name of said copartnership and the corporation be and the same hereby is directed to adopt or file in its own name tariff of rates and time schedules identical with the tariff of rates and time schedules at present on file by the copartnership with the exception that such addition shall be made to such tariff as may be required under the extension certificate herein granted.

The operative right herein granted may not be discontinued, sold, leased, transferred nor assigned unless the written consent of the Railroad Commission to such discontinuance, sale, lease, transfer or assignment has first been secured.

No vehicle may be operated by applicant herein unless such vehicle is owned by said applicant or is leased under a contract or agreement on a basis satisfactory to the Railroad Commission.

It is hereby further ordered, that Coastside Transportation Company be and it is hereby authorized, in payment for the properties, rights and business of Edward Serretto, Louis A. Mattei and E. Michel, the transfer of which is herein authorized, to issue not exceeding \$43,060 of stock and to assume the payment of not exceeding \$32,045.33 of indebtedness.

It is hereby further ordered, that Coastside Transportation Company be and it is hereby authorized to issue and sell at par for cash to its directors \$30 of stock and to use the proceeds for working capital.

It is hereby further ordered, that the application, in so far as it relates to the issue of \$46,940 of stock, be and it is hereby dismissed without prejudice.

The authority herein granted is subject to further conditions as follows:

1. The authority herein granted to assume the payment of indebtedness will become effective when applicant has paid the fee prescribed by section 57 of the Public Utilities Act, which fee is \$33. The authority herein granted to issue stock and transfer rights and properties will become effective upon the date hereof, but will expire on March 1, 1924.

2. Coastside Transportation Company shall keep such record of the issue, sale and delivery of the stock herein authorized as will enable it to file on or before the twenty-fifth day of each month a verified report, as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order. The company shall also file a statement showing the indebtedness assumed.

Dated at San Francisco, California, this tenth day of January, 1924.

DECISION No. 13024.

IN THE MATTER OF THE APPLICATION OF SAN DIEGO CONSOLIDATED GAS AND ELECTRIC COMPANY, A CORPORATION, FOR AN ORDER AUTHORIZING THE ISSUE AND SALE OF ITS PREFERRED STOCK OF THE PAR VALUE OF FIVE HUNDRED THOUSAND DOLLARS.

Application No. 9624.

Decided January 10, 1924.

Cummins, Roemer and Flynn; Sweet, Stearns and Forward; Chickering and Gregory,
by *Allen L. Chickering*, for Applicant.

BY THE COMMISSION.

OPINION.

In this application San Diego Consolidated Gas and Electric Company asks the Railroad Commission to make an order authorizing it to issue and sell, at par, \$500,000 of its 7 per cent cumulative preferred stock and to expend in connection with the sale thereof an amount equivalent to not exceeding \$5 per share of stock sold and to use the remaining proceeds to pay in part the cost of extensions, additions and betterments to its plants and properties.

Applicant reports that subsequent to March 31, 1921, and prior to October 31, 1923, its net construction expenditures aggregated \$6,578,813.59, as shown in some detail in Exhibit No. 10. It estimated its gross expenditures during November and December, 1923, as \$440,000 and for 1924 as \$2,615,000, and the cost of franchises and patent rights at \$439.75.

The estimated gross expenditures during 1924 are summarized by applicant as follows:

Gas properties—		
Production -----	\$688,900 00	
Distribution -----	663,200 00	
Total gas -----		\$1,352,100 00
Electric properties—		
Production -----	\$145,400 00	
Distribution -----	665,500 00	
Total electric -----		\$810,900 00
Steam properties -----		12,000 00
General -----		440,000 00
Total -----		\$2,615,000 00

The total expenditures made subsequent to March 31, 1921, and prior to October 31, 1923, and estimated to December 31, 1924, aggregate \$9,634,253.34. From this amount applicant deducts proceeds received from the sale of securities heretofore authorized by the Commission, earnings invested in property, and property retired from plant and franchise, leaving a balance which has not been provided for through the issue and sale of stock or bonds, of \$2,258,958.92.

The \$500,000 of stock which applicant intends to issue against this balance of \$2,258,958.92, is part of an authorized capital stock of \$20,000,000, divided equally into common and 7 per cent preferred stock and consisting of 200,000 shares of the par value of \$100 each. On October 31, 1923, there was \$3,027,500 of common and \$5,043,600 of preferred stock outstanding. Bonded debt, as of the same date, was reported at \$11,368,000, consisting of \$5,680,000 of first mortgage 5 per cent bonds due 1939, \$2,750,000 of Series "A" first and refunding 6 per cent bonds due 1939, \$1,500,000 of Series "B" first and refunding 5 per cent bonds due 1947 and \$1,438,000 of Series "C" first and refunding 6 per cent bonds due 1947.

The company intends to sell the stock herein applied for at par. It estimates, however, that it may be called upon to expend not exceeding 5 per cent of the proceeds to pay commissions and expenses of sale.

ORDER.

San Diego Consolidated Gas and Electric Company, having applied to the Railroad Commission for permission to issue and sell \$500,000 of its preferred stock, a public hearing having been held before Examiner Fankhauser and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for through the issue and sale of such stock is reasonably required by applicant for the purposes specified herein and that the expenditures

for such purposes are not in whole or in part reasonably chargeable to operating expenses or to income;

It is hereby ordered, that San Diego Consolidated Gas and Electric Company be and it is hereby authorized to issue and sell for cash, at not less than par, \$500,000 of its preferred stock.

The authority herein granted is subject to further conditions as follows:

1. Of the proceeds realized from the sale of the stock herein authorized, applicant may use an amount equivalent to not exceeding 5 per cent of the par value of the stock sold to pay commissions and expenses in connection with the sale of such stock. The remaining proceeds, and such portion of the 5 per cent not necessary to pay commissions and expenses in connection with the sale of stock, may be used by applicant to finance in part the cost of the extensions, additions and betterments described in this application and referred to in the foregoing opinion.

2. Applicant shall keep such record of the issue, sale and delivery of the stock herein authorized and of the disposition of the proceeds as will enable it to file on or before the twenty-fifth day of each month a verified report, as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

3. The authority herein granted to issue stock will become effective upon the date hereof but will expire on December 31, 1924.

Dated at San Francisco, California, this tenth day of January, 1924.

DECISION No. 13025.

A. G. POPLIN ET AL.

vs.

OJAI POWER COMPANY.

Case No. 1941.

Decided January 10, 1924.

Hollingsworth and Henderson, for Complainants.
Earl E. Moss, for Ojai Power Company.

BY THE COMMISSION.

OPINION.

This proceeding is an investigation into the electric rates of the Ojai Power Company, initiated upon the complaint of A. G. Poplin and other consumers, and directed particularly against the alleged excessive rates charged for agricultural and lighting service.

The Ojai Power Company was organized in 1912, and now supplies electricity for lighting and power service in the Ojai Valley, and water in the town of Ojai. All energy is purchased from the Southern California Edison Company at Ojai. Its electric rates have been formally before the Commission upon one occasion only, in 1920, when application was made for authority to increase rates on account of increased cost of operation. At that time a surcharge of 20 per cent was authorized to continue in effect for a period of one year (Decision No. 7882, 18 C. R. C. 580).

Hearing in the present case was held at Ojai on November 26, 1923, before Examiner Williams, testimony being introduced and the matter being submitted for decision.

An estimate of historical reproduction cost of physical properties as of September 30, 1923, was introduced by Mr. Charles Grunsky, of the Commission's engineering department, this estimate being accepted by both the company and the complainants. Mr. Phillips, of the company, testified as to the value of intangibles, franchise, organization, and possible additions and betterments during the year 1924. The following table gives the valuation of physical properties as appraised by Mr. Grunsky:

TABLE 1.

Historical Reproduction Cost Appraisal, Ojai Power Company, Electric Department,
Physical Properties as of September 30, 1923.

Land	\$350 00
Poles and fixtures.....	16,003 00
Overhead system	9,082 00
Substation building and general structures.....	2,300 00
Substation equipment	4,022 00
Transformers and line devices.....	19,314 00
Services	2,051 00
Meters	5,217 00
Municipal street lighting system.....	77 00
General equipment	1,841 00
Total these accounts.....	\$60,257 00
Overhead, 8 per cent (except land).....	4,792 00
	\$65,049 00
Interest during construction, 2 per cent.....	1,301 00
Total physical properties.....	\$66,350 00

As both the company and the complainants have accepted the figure \$66,350 as found by Mr. Grunsky for the historical reproduction cost of the physical electric properties, this amount will be used in the determination of a rate base for 1924. To this figure must be added a reasonable amount for franchise, organization expense and the capital becoming operative subsequent to September 30, 1923, and prior to December 31, 1924, giving due consideration to the portion of the year it will be in operation, as well as a reasonable amount for working cash

capital and for material and supplies kept on hand for operating purposes. Consideration will also be given to the money which consumers have advanced to the company, and on which no interest is paid.

The company estimates that \$17,500 must be expended for necessary additions and betterments to place its lines in satisfactory operating condition. While this amount will probably be spent eventually to better service conditions, it is in excess of the reasonable amount to be included in the rate base for the year 1924. Consideration must be given to the fact that a portion of such expenditures would have been made in prior years if the capacity of the system had been kept abreast of the demands for service, and to the further fact that the expenditure now about to be made will make some excess capacity available for future growth. The amount of \$8,000 is considered reasonable for this item, and will be used.

It appears from Mr. Phillips' testimony that the book figures for franchise represent the actual cost of this item. The amount included under intangibles should be classified as physical property. The item for organization, as shown by the company's testimony, should be reduced to \$973 on account of stock selling expense included.

The inventory of materials and supplies, for both construction and operation, totals \$3,689. A reasonable allowance for purposes of operation is \$1,000, which figure will be used.

The allowance for working cash capital will be based on the cost of purchased power for one month and of other operations, exclusive of taxes and depreciation, for two months. These items found reasonable for 1924 approximate \$2,000.

The following table gives the summation of the items entering into the rate base for 1924, as used in this decision:

TABLE 2.

Summation of Items Entering Into Rate Base for Year 1924.

Franchises -----	\$232 00
Organization -----	973 00
Physical properties -----	66,820 00
Capital as of September 30, 1923 -----	\$68,025 00
Allowance for additions and betterments to December 31, 1924 -----	8,000 00
Materials and supplies -----	1,000 00
Working cash capital -----	2,000 00
Total -----	\$79,025 00
Advances by consumers for line extensions -----	1,450 00
Grand total for 1924 rate base -----	\$77,575 00

Since 1920 the company has been setting aside a depreciation annuity approximating 4 per cent of electric capital. Testimony in the present case by Mr. Grunsky is to the effect that a depreciation annuity based

on 2.6 per cent of operative physical capital is reasonable. By applying this percentage to the physical property as contained in the set-up of rate base, the reasonable figure for depreciation annuity for 1924 is found to be \$1,950, and this figure will be used.

In line with former decisions, it is the position of this Commission that this utility should account for the depreciation annuities which it will be permitted to collect from rates in the future. This also applies to interest upon the accumulated reserve which must supplement these annuities if they are to be adequate.

Operating expenses, exclusive of taxes and depreciation, for the year 1924 are estimated by Mr. Grunsky to be \$19,300, while the estimate of Mr. Phillips for the same accounts was \$19,344. Mr. Phillips uses a somewhat lower figure for cost of purchased power, and a higher figure for miscellaneous and general expense. It would appear that either of the above figures might be used without injustice to either the company or consumer, and the estimate of \$19,300 will therefore be used.

Taxes have been estimated by both Mr. Grunsky and Mr. Phillips at \$4,000 for 1924. Based upon a gross revenue of \$38,000 for 1923, which revenue will probably be realized, the state tax for 1924 would be \$2,850. Franchise tax would similarly be \$760. Federal income and capital stock tax should approximate \$800. It appears, therefore, that the estimates submitted are somewhat low, and an allowance of \$4,400 will be used.

The following is a tabulation of operating expenses for the year 1924 as they will be used in this decision:

TABLE 3.

Estimated Operating Expenses, Exclusive of Taxes and Depreciation, Ojai Power Company, Electric Department, Year 1924.

Production—purchased energy	\$14,500 00
Distribution expense	1,700 00
Commercial expense	950 00
General and miscellaneous expense.....	2,150 00
Subtotal	\$19,300 00

Gross operating revenue for the year 1922 was \$29,719, a 4 per cent increase over the previous year, and an actual growth of about 14 per cent if the effect of the surcharge during the first seven months of 1921 is eliminated. Revenue for the year 1923 will be very close to \$38,000, an increase of 28 per cent over 1922 revenue. Testimony was given by Mr. Phillips that this has been a year of abnormally light rainfall, and therefore has required more than the usual amount of irrigation on the part of the agriculturists. It appears that the use of energy for irrigation during 1923 has exceeded that during 1922 by about 50 per cent and that gross revenue from irrigation power service for 1923

exceeds that of the previous year approximately 35 per cent. Based on a study of each class of service, and giving consideration to the natural yearly increase, and the unusual use of power for irrigation in 1923, the Commission's engineering department estimates gross revenue for 1924 under present rates to be \$35,000. This estimate appears reasonable and will be used.

The following table sets forth the revenue and return which should result assuming the present rates to apply to the conditions as herein estimated for the year 1924:

TABLE 4.

Estimated Revenue, Expense, and Net Return, Ojai Power Company, 1924 Estimate.

Revenue electric operations-----		\$35,000 00
Operating expenses—Table 3-----	\$19,300 00	
Taxes -----	4,400 00	
Total expenses -----	\$23,700 00	
Depreciation -----	1,950 00	
		25,650 00
Net for return-----		\$9,350 00
Rate of return on rate base of \$77,575-----		12%

It appears from the above table that the present rates, if continued in effect, would result in more than a fair return. The Commission has held in a number of instances that 8 per cent was a reasonable return on capital investment. This company serves a small and relatively undeveloped territory, and has not the opportunity of balancing lean territory with rich territory which the larger companies enjoy. It is believed that rates yielding an 8 per cent return would be higher than the consumers could reasonably be expected to pay, and therefore a return of 8 per cent can not be expected in this particular case.

The rate schedules set forth in the order accompanying this opinion will result in a rate of return of somewhat less than 8 per cent, but bearing in mind that the present reduction in rates will encourage the growth of business, and the limitations of the territory served, they are found to be reasonable.

Existing rates for lighting and power service are somewhat out of proportion to the cost of service. New schedules for lighting and agricultural power will result in a substantial reduction in cost to consumers. Heating and cooking rates have been simplified, but no reduction to this class of service is contemplated. General power service rates have been designed to encourage more continuous use of smaller installations by the inclusion of a minimum charge, depending upon the load connected, such as is made by practically all other companies throughout the state. In view of the unfairness of this rate which does not charge low load factor consumers their reasonable share, there will

be both reductions and increases to the individual consumers, and a slight reduction to this class of consumers as a whole.

ORDER.

The Railroad Commission having made, upon complaint of certain consumers, an investigation into the electric rates of the Ojai Power Company, public hearing having been held, the matter being submitted, and now ready for decision:

The Railroad Commission hereby finds as a fact that the electric rates of the Ojai Power Company are unjust, unreasonable and discriminatory in so far as they differ from the electric rates hereinafter set forth, which are declared to be just and reasonable rates.

Basing its order on the foregoing finding of fact and the findings of fact in the opinion preceding this order;

It is hereby ordered, that:

(1) Ojai Power Company charge and collect for electric service now supplied under filed schedules the rates set forth in Exhibit "A" attached hereto and made a part hereof.

Such rates to be filed with this Commission on or before February 1, 1924, and to become effective for metered service with bills based upon regular meter readings taken on and after February 1, 1924, and for flat rate service delivered on and after February 1, 1924.

(2) Each year, beginning with the calendar year 1924, Ojai Power Company account to its reserve for accrued depreciation of electric department property for an annuity calculated in accordance with the principles followed in the opinion preceding this order and also for interest at the rate of 6 per cent per annum upon the balance of the reserve for accrued depreciation on the first day of each year.

(3) That the effective date of this order be February 1, 1924.

Dated at San Francisco, California, this tenth day of January, 1924.

EXHIBIT "A."

SCHEDULE L-1.

(Canceling Schedule A.)

General Lighting Service.

Applicable to general domestic and commercial lighting service, including household appliances and single phase motors not exceeding 3-horsepower total capacity.

Rate.

First	10 k.w.h. or less per meter per month.....	\$1 50 per month
Next	40 k.w.h. per meter per month.....	09 per k.w.h.
Next	150 k.w.h. per meter per month.....	07 per k.w.h.
All over	200 k.w.h. per meter per month.....	06 per k.w.h.

Special Conditions.

When a transformer is required for a single consumer on lines in excess of 5000 volts a minimum charge of \$2.50 per month will be made.

SCHEDULE L-2.**Street and Highway Lighting.**

Applicable to service to electrolier or other lighting service where consumer owns and maintains the equipment, and the company supplies energy at one or more central points. Optional, for such service, to Schedule L-1.

Rate.

First 100 k.w.h. per month per kilowatt of connected lamp capacity	8 cents per k.w.h.
All over 100 k.w.h. per month per kilowatt of connected lamp capacity	4 cents per k.w.h.

Special Conditions.

The above rate covers only electrical energy delivered at one or more central points and contemplates the ownership and maintenance of regulating equipment by the company and of the electrolier and underground system by the consumer. When the company owns all or any part of the electrolier or underground system or furnishes lamp renewals, globes, maintenance, etc., an extra charge appropriate to the service rendered will be made in addition to the energy charge.

SCHEDULE C-1.

(Canceling Schedules C, D, E, F and H.)

General Heating and Cooking Service.

Applicable to general domestic and commercial heating, cooking and/or water heating service.

Rate.

Heating, Cooking and/or Water Heating Service.

First 220 k.w.h. per meter per month	3 cents per k.w.h.
All over 220 k.w.h. per meter per month	2 cents per k.w.h.

Minimum Charge.

First 7 kilowatts or less of connected capacity	\$3 50 per month
Over 7 kilowatts of connected capacity per kilowatt per month ..	50 per month

Special Conditions.

(a) Service will normally be 110/220-volt three-wire single-phase alternating current.

(b) Connected load will be taken as the name plate rating of all heating and cooking apparatus permanently installed and which may be connected at any one time computed to the nearest one-tenth of a kilowatt.

(c) Single-phase motors, aggregating five horsepower or less, may be combined with cooking or heating under this schedule, in which case each horsepower shall be considered equivalent to one kilowatt of connected load in determining the minimum charge.

SCHEDULE C-2.

(Canceling Schedules C, D, E, F and H.)

Combination Domestic Service.

Applicable to combination domestic lighting, heating, cooking and small power service.

Rate.

* First 30 k.w.h. per meter per month	11 cents per k.w.h.
Next 220 k.w.h. per meter per month	3 cents per k.w.h.
All over 250 k.w.h. per meter per month	2 cents per k.w.h.

* For residences, flats, or apartments of more than 7 rooms add 5 k.w.h. per additional room to the first block.

Minimum Charge.

First 7 kilowatts or less of connected capacity, exclusive of lighting and lamp socket devices, \$3.50 per month.

Over 7 kilowatts of connected capacity, exclusive of lighting and lamp socket devices, 75 cents per kilowatt per month.

Special Conditions.

(a) Service will normally be 110/220-volt three-wire single-phase alternating current.

(b) This rate applies only where a domestic consumer installs and uses appliances other than lamp socket devices of at least 2 kilowatt capacity for residences, flats or apartments of eight rooms or less, and 5 kilowatts for residences, flats and apartments of nine rooms or more.

(c) Bathrooms, halls and cellars are not classified as rooms.

(d) Connected load will be taken as the name plate rating of all heating and cooking apparatus permanently installed and which may be connected at any one time computed to the nearest one-tenth of a kilowatt.

(e) Single-phase motors, aggregating 5 horsepower or less, may be combined with cooking and heating under this schedule, in which case each horsepower of connected load shall be considered equivalent to one kilowatt of connected load in determining the minimum charge.

SCHEDULE P-1.

(Canceling Schedule B.)

General Power Service.

Applicable to general commercial and industrial power service, to commercial heating and cooking service and to rectifier service. For such service this schedule is optional with Schedule P-2.

Rate.

Horsepower of connected load	Rate per k.w.h. for monthly consumption of			
	First 50 k.w.h. per h.p.	Next 50 k.w.h. per h.p.	Next 100 k.w.h. per h.p.	All over 200 k.w.h. per h.p.
2- 4 h.p. -----	5.0 cents	2.7 cents	1.4 cent	1.2 cent
5- 9 h.p. -----	4.1 cents	2.5 cents	1.3 cent	1.1 cent
10-24 h.p. -----	3.6 cents	2.4 cents	1.2 cent	1.0 cent
25-49 h.p. -----	3.2 cents	2.3 cents	1.1 cent	.9 cent
50 h.p. and over-----	2.7 cents	2.0 cents	1.0 cent	.8 cent

Minimum Charge.

First 50 h.p. of connected load----- \$1 00 per h.p. per month
 All over 50 h.p. of connected load----- 50 per h.p. per month
 But in no case shall total minimum charge be less than \$2 per month.

Special Conditions.

(a) This schedule applies to service rendered at 110 and 220 volts. All necessary transformers to obtain such voltage will be installed, owned and maintained by the company.

(b) Any consumer may obtain the rates for a larger installation by guaranteeing the rates and minimum charges applicable to the larger installation.

(c) The minimum charge may, at the option of the consumer, be made accumulative over a twelve-month period, in which case a contract for not less than one year may be required.

SCHEDULE P-2.

Intermittent Power Service.

Optional to Schedule P-1 and applicable especially to packing houses, canneries, etc., where the use of power is intermittent or seasonal.

Rate.

Demand Charge:

First 10 h.p. of connected load----- \$5 00 per h.p. per year
 Each additional horsepower----- 3 50 per h.p. per year

Energy Charge:

The energy charges are the rates without the minimum charges set forth under Schedule P-1.

The total charge is the sum of the demand and energy charges.

Special Conditions.

The demand charge is payable in five equal monthly installments during the first five months after the date service is first rendered.

SCHEDULE P-3.

(Canceling Schedule G.)

Agricultural Power Service.

Applicable to agricultural power service.

Rate.	Rate per k.w.h. for connected loads of			
	Consumption per h.p. per year	1 to 4 h.p.	5 to 14 h.p.	15 to 49 h.p. 50 h.p. and over
First 400 k.w.h. per h.p.-----		3.6 cents	3.0 cents	2.8 cents 2.6 cents
Next 600 k.w.h. per h.p.-----		2.0 cents	1.8 cent	1.6 cent 1.4 cent
All over 1000 k.w.h. per h.p.-----		1.4 cent	1.3 cent	1.2 cent 1.1 cent

Minimum Charge.

Per horsepower per year-----	\$10 00	\$9 00	\$8 00	\$7 50
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But not less than \$20 per year

Special Conditions.

(a) This rate applies to service rendered at 220 or 440 volts at the option of the consumer. All necessary transformers to obtain such voltage to be installed, owned and maintained by the company.

(b) The annual period upon which this rate is based shall begin with the first regular meter reading taken on and after April 1st and ending with the corresponding meter reading of the succeeding year.

(c) The minimum charge is payable in six monthly installments during the months of May to October, inclusive.

(d) For consumers first starting service, or permanently discontinuing service, the minimum will be adjusted in proportion to that portion of the six months period from May 1st to October 31st over which service is actually rendered.

DECISION No. 13032.

IN THE MATTER OF THE APPLICATION OF FRESNO CITY WATER CORPORATION FOR AN ORDER AUTHORIZING IT TO ISSUE AND TO SELL CERTAIN OF ITS FIRST AND REFUNDING MORTGAGE SERIES "C" SIX PER CENT BONDS.

Application No. 9649.

Decided January 11, 1924.

A. E. Peat, for Applicant.

BRUNDIGE, Commissioner.

OPINION.

Fresno City Water Corporation asks permission to issue and sell \$400,000 of its first and refunding mortgage Series "C" 6 per cent bonds for the purpose of reimbursing its treasury and of financing the cost of extensions, additions and betterments.

The testimony and exhibits filed in this application show that the company up to November 30, 1923, had expended for capital purposes for which it had not been reimbursed the sum of \$340,442.37, that it will need \$74,320.16 to complete construction work in progress and that it will be required to expend approximately \$184,465 during 1924 for construction purposes.

The estimated expenditures of \$184,465 are set forth in Exhibit No. 1 filed in this proceeding and consist of the following items:

Pumping plants -----	\$19,015 00
Mains -----	68,644 00
New business—pipes, services, meters -----	89,978 00
General -----	6,828 00
Total-----	\$184,465 00

For the purpose of reimbursing its treasury on account of earnings expended for additions and betterments prior to November 30, and for the purpose of financing expenditures to be made during 1924, applicant has filed this application asking permission to issue an additional \$400,000 of bonds. It appears that at present applicant has outstanding \$749,000 of bonds, consisting of \$199,000 of first mortgage 5 per cent bonds due 1946 and \$550,000 of first and refunding mortgage bonds. The first and refunding mortgage bonds include \$400,000 of Series "A" 6½ per cent bonds due 1956 and \$150,000 of Series "B" 5½ per cent bonds due 1952. The Series "C" bonds now proposed to be issued will bear interest at 6 per cent per annum and will mature in 1959. The company reports that it has made arrangements to sell its bonds at 97¼ per cent of their face value plus accrued interest.

I herewith submit the following form of order:

ORDER.

Fresno City Water Corporation having applied to the Railroad Commission for permission to issue and sell \$400,000 of bonds, a public hearing having been held and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for through the issue and sale of such bonds is reasonably required for the purpose or purposes specified herein and that the expenditures for such purpose or purposes are not in whole or in part reasonably chargeable to operating expenses or to income;

It is hereby ordered, that Fresno City Water Corporation be and it is hereby authorized to issue and sell at not less than 97¼ per cent of their face value plus accrued interest \$400,000 of its first and refunding mortgage Series "C" 6 per cent bonds and to use the proceeds for the purpose of reimbursing its treasury and of financing in part the cost of the extensions, additions and betterments described in this application and referred to in the foregoing opinion.

The authority herein granted is subject to further conditions as follows:

1. Only such expenditures referred to herein as are properly chargeable to capital account, as defined by the classification of accounts prescribed by the Railroad Commission, shall be financed with proceeds obtained from the sale of the bonds herein authorized.

2. Applicant shall keep such record of the issue and sale of the bonds herein authorized and of the disposition of the proceeds as will enable it to file on or before the twenty-fifth day of each month a verified report, as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

3. The authority herein granted to issue bonds will become effective when applicant has paid the fee prescribed by section 57 of the Public Utilities Act, which fee is \$400, and will expire on June 30, 1924.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this eleventh day of January, 1924.

DECISION No. 13033.

IN THE MATTER OF THE APPLICATION OF SOUTHERN CALIFORNIA GAS COMPANY FOR AN ORDER AUTHORIZING THE ISSUE AND SALE OF BONDS.

Application No. 9660.

Decided January 11, 1924.

A. E. Peat, for Applicant.

BRUNDIGE, Commissioner.

OPINION.

Southern California Gas Company in this application asks permission to issue and sell at not less than 93 per cent of their face value plus accrued interest \$1,500,000 of its first and refunding mortgage Series "C" 6 per cent bonds for the purpose of financing the cost of extensions, additions and betterments to its plants and properties.

The application indicates that prior to November 30, 1923, the company had expended for additions and betterments the sum of \$716,251 against which it had issued no bonds; that its December construction expenditures will exceed \$300,000; and that it will need approximately \$3,200,700 to complete its 1924 construction work.

In Exhibit "B" attached to the application the estimated construction expenditures for 1924 are shown to consist of the following:

Los Angeles gas works betterments, consisting of boilers, compressors and additions to water systems-----	\$350,000 00
Colton gas works betterments-----	40,000 00
Seven district offices and land-----	120,000 00
Trunk mains, all districts-----	450,000 00
Land for district offices to be built in future-----	40,000 00
To complete and equip warehouse in Los Angeles-----	200,000 00
Commercial mains, meters and services-----	1,500,000 00
Miscellaneous -----	500,700 00
Total-----	\$3,200,700 00

For the purpose of financing in part the cost of these reported expenditures, applicant now asks permission to issue additional Series "C" bonds. The record shows that on November 30, 1923, applicant's outstanding bonded debt aggregated \$11,828,000, consisting of \$4,463,000

of first mortgage bonds due 1950 and \$7,365,000 of first and refunding mortgage bonds. The first and refunding mortgage bonds included \$2,865,000 of Series "A" 7 per cent bonds due 1951, \$2,000,000 of Series "B" 5½ per cent bonds due 1952 and \$2,500,000 of Series "C" 6 per cent bonds due 1958. The company's outstanding stock as of the same date is reported at \$7,388,800 including \$6,000,000 of common stock and \$1,388,800 of 6 per cent cumulative preferred stock. In addition the company reports that it has received subscriptions for \$480,000 additional of preferred stock, which has not yet been issued.

I submit the following form of order:

ORDER.

Southern California Gas Company having applied to the Railroad Commission for permission to issue and sell \$1,500,000 of bonds, a public hearing having been held and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for through the issue and sale of such bonds is reasonably required for the purpose or purposes specified herein, and that the expenditures for such purpose or purposes are not in whole or in part reasonably chargeable to operating expense or to income;

It is hereby ordered, that Southern California Gas Company be and it is hereby authorized to issue and sell at not less than 93 per cent of their face value plus accrued interest \$1,500,000 of its first and refunding mortgage Series "C" 6 per cent bonds for the purpose of financing in part the cost of the extensions, additions and betterments to which reference is made in the foregoing opinion.

The authority herein granted is subject to further conditions as follows:

1. Only such expenditures as are properly chargeable to capital account, as defined by the uniform system of accounts prescribed by the Railroad Commission shall be financed with the proceeds obtained from the sale of the bonds herein authorized.

2. Applicant shall keep such record of the issue and sale of the bonds herein authorized and of the disposition of the proceeds as will enable it to file on or before the twenty-fifth day of each month a verified report as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

3. The authority herein granted to issue bonds will become effective only after applicant has paid the fee prescribed by section 57 of the Public Utilities Act, which fee is \$1,250, and will expire on July 31, 1924.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this eleventh day of January, 1924.

DECISION No. 13034.

IN THE MATTER OF THE APPLICATION OF SOUTHERN CALIFORNIA GAS COMPANY FOR AN ORDER AUTHORIZING THE ISSUANCE AND THE SALE OF PREFERRED STOCK.

Application No. 9661.

Decided January 11, 1924.

A. E. Peat, for Applicant.

BRUNDIGE, Commissioner.

OPINION.

In this application Southern California Gas Company asks permission to issue and sell at not less than \$90 per share, 10,000 shares of its 6 per cent cumulative preferred stock, of the aggregate par value of \$1,000,000 for the purpose of reimbursing its treasury on account of earnings invested in additions and betterments.

Southern California Gas Company has an authorized capital stock of \$10,000,000 divided into \$4,000,000 of 6 per cent preferred stock and \$6,000,000 of common stock. As of November 30, 1923, it reports all of the common and \$1,388,800 of the preferred stock outstanding. In addition, it reports \$480,000 of the preferred stock as subscribed but not yet issued. The company's funded debt on the same date is reported at \$11,828,000 consisting of \$4,463,000 of first mortgage bonds and \$7,365,000 of first and refunding mortgage bonds. The company reports its gross revenues for the twelve months ending November 30th at \$7,214,496.84, and its operating expenses, including taxes and depreciation, at \$5,500,628.36, leaving a balance of \$1,716,868.48. After paying interest and other charges of \$673,110.78 it reports a net surplus for the twelve-month period of \$1,043,757.70.

Applicant reports that since March 18, 1919, it has expended for extensions, additions and betterments to its plants and properties the sum of \$11,114,117.64, against which it has issued \$8,465,000 of bonds, leaving a balance of \$2,649,117.64. Of this amount it appears that \$921,271 has been paid with money obtained from the sale of stock, leaving a balance of expenditures of \$1,727,846.64, for which applicant's treasury has not been reimbursed by the issuance of securities. It is for the purpose of permanently financing a portion of these expenditures and through such capitalization obtain funds to pay the cost of constructing additional extensions, additions and betterments that

applicant now asks permission to issue an additional \$1,000,000 of stock.

The company asks permission to sell its stock at not less than \$90 per share and to use of the proceeds an amount equivalent to not exceeding \$3.50 per share to pay expenses incurred in connection with the sale of such stock. It appears that the remaining proceeds, after reimbursing applicant's treasury, will be used for the purpose of meeting in part the cost of capital expenditures to be made during the current year, which cost, in Exhibit "B," is estimated at \$3,200,700.

I believe the application should be granted and herewith submit the following form of order:

ORDER.

Southern California Gas Company having applied to the Railroad Commission for permission to issue and sell \$1,000,000 of stock, a public hearing having been held and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for through the issue and sale of such stock is reasonably required by applicant, and that this application should be granted as herein provided;

It is hereby ordered, that Southern California Gas Company be and it is hereby authorized to issue and sell, at not less than \$90 per share, 10,000 shares of its 6 per cent cumulative preferred stock of the aggregate par value of \$1,000,000.

The authority herein granted is subject to further conditions as follows:

1. Of the proceeds realized from the sale of the stock, an amount equivalent to not more than \$3.50 per share of stock sold may be expended by applicant in payment of commissions and expenses incurred in connection with the sale of such stock.

2. The remainder of the proceeds obtained from the sale of the stock and such portion of the \$3.50 referred to in Condition 1 of this order as may not be needed to pay commissions and expenses for selling the stock, shall be used by applicant to reimburse its treasury and to finance the cost of the extensions, additions and betterments described in this application and referred to in the foregoing opinion.

3. Southern California Gas Company shall keep such record of the issue, sale and delivery of the stock herein authorized and of the disposition of the proceeds as will enable it to file on or before the twenty-fifth day of each month a verified report, as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

4. The authority herein granted to issue stock will become effective upon the date hereof but will expire on December 31, 1924.

The foregoing opinion and order are hereby approved and ordered

filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this eleventh day of January, 1924.

DECISION No. 13035.

IN THE MATTER OF THE APPLICATION OF OJAI POWER COMPANY
FOR AN ORDER AUTHORIZING IT TO INCREASE RATES FOR
WATER SOLD AND DELIVERED.

Application No. 9476.

Decided January 11, 1924.

Earl E. Moss, for Applicant.

BY THE COMMISSION.

OPINION.

In this proceeding, Ojai Power Company, a corporation, engaged in the business of distributing and selling electric energy in and in the vicinity of Ojai, Ventura County, and of operating a water system supplying the town of Ojai with water for domestic purposes, makes application for authority to increase the rates for water delivered to its consumers. The application alleges that the company has sustained continual losses from operation since acquiring the water system; that the construction of pavements and sewers as proposed by the town of Ojai will require an additional capital investment for the installation of new mains and services; that the present rates are lower than the rates of utilities similarly situated; and that sufficient revenue is not obtained from the present rates to yield a fair return on the investment.

A public hearing in this matter was held at Ojai before Examiner Williams after all consumers had been duly notified thereof and given an opportunity to be present and to be heard. No one appeared to protest against the present rates or service rendered by the utility or against the granting of this application.

The rates at present in effect were established by this Commission by Decision No. 10102, dated February 17, 1922, in Application No. 7252. These rates are as follows:

Minimum charges:	Monthly Meter Rates.
$\frac{1}{8}$ -inch meter	\$1 25
$\frac{1}{4}$ -inch meter	1 75
1 -inch meter	2 25
1 $\frac{1}{2}$ -inch meter	3 00
2 -inch meter	4 00
3 -inch meter	5 00
4 -inch meter	6 00

Quantity charges:	
From 0 to 2000 cubic feet, per 100 cubic feet	25
Over 2000 cubic feet, per 100 cubic feet	20

Monthly Flat Rates.

The schedule of flat rates provides, among other things, for a minimum monthly charge of \$1.25 for a residence of five rooms or less, occupied by a single family, and additional charges for each bathtub, toilet, etc.

Water is obtained from two wells about 200 feet deep, from which electrically-driven pumps lift it into a sump. From this sump the water is raised by another pump into a 100,000-gallon steel tank located on the hillside above the town. The distribution system consists of approximately 31,800 feet of 6, 4, 3, 2 and 1 inch pipe, and supplies 210 consumers, about 125 of whom are metered, the remainder being on a flat rate basis.

At the hearing William Stava, one of the Commission's hydraulic engineers, presented a report based upon an investigation of the company's water system, which showed an estimated investment of \$27,060; a depreciation annuity of \$576, computed by the 6 per cent sinking fund method; and a detailed statement of operating expenses for a twelve-month period ending October 31, 1923, amounting to \$3,920. No objection was made to any of the figures contained in the report of the Commission's engineer. No definite allowance can be made at this time for the capital expenditure which the company will be required to make in connection with the paving of streets and construction of sewers by the town of Ojai, as the extent of the proposed work has not yet been fully determined.

Based upon the actual revenues for the twelve-month period ending October 31, 1923, and upon the figures contained in the report of the Commission's engineer, which appear reasonable, results of operation were as follows:

Revenues, year ending October 31, 1923-----	\$4,880 00
Expenses :	
Maintenance and operation-----	\$3,920 00
Depreciation annuity -----	576 00
Total expense-----	4,496 00
Available for return-----	\$384 00

This is equivalent to a return of 1.42 per cent upon an investment of \$27,060. The evidence further shows that the greatest rate of return ever earned by this utility upon its investment was 3.2 per cent.

It was shown at the hearing that the utility's present rates are about the average of rates now charged by other water utilities in the vicinity but that the pumping expenses on this system are greater and are likely to increase because of a lowering water table. It is evident that the company is entitled to some increase in rates, but also that rates sufficiently high to yield a theoretical full return on the investment would

be unreasonably high and that the establishment of such rates would undoubtedly result in a very material reduction in the amount of water consumed, with possibly an actual decrease in revenues.

It was further shown that there are about twenty-five fire hydrants connected to the system which are used by the community for fire protection purposes but for which service no remuneration is made. In order to compensate the company for this service a reasonable charge for fire hydrants will be established.

ORDER.

Ojai Power Company, a corporation, having applied to the Railroad Commission for permission to increase rates, a public hearing having been held thereon, the matter having been submitted, and the Commission being now fully informed in the matter:

It is hereby found as a fact that the rates now charged by Ojai Power Company, a corporation, for water delivered to its consumers are unjust and unreasonable in so far as they differ from the rates herein established and that the rates herein established are just and reasonable rates for such service.

And basing the order upon the foregoing finding of fact and upon the statements of fact contained in the preceding opinion;

It is hereby ordered, that Ojai Power Company, a corporation, be and the same is hereby authorized and directed to file with this Commission within twenty (20) days from the date of this order the following schedule of rates to be charged to consumers in and in the vicinity of Ojai, Ventura County, for all water delivered subsequent to December 31, 1923:

Monthly Minimum Charges.

$\frac{5}{8}$ -inch meter	-----	\$1 40
$\frac{3}{4}$ -inch meter	-----	2 25
1 -inch meter	-----	3 50
1 $\frac{1}{2}$ -inch meter	-----	7 74
2 -inch meter	-----	12 00

NOTE.—Each of the foregoing monthly minimum charges will entitle the consumer to that quantity of water which that monthly minimum charge will purchase at the following "monthly meter rates":

Monthly Meter Rates.

From 0 to 500 cubic feet, per 100 cubic feet	-----	\$0 28
From 500 to 2000 cubic feet, per 100 cubic feet	-----	25
Over 2000 cubic feet, per 100 cubic feet	-----	20

Monthly Flat Rates.

Residence of five rooms or less, occupied by a single family	-----	1 40
For each additional room	-----	10
For each bath tub	-----	25
For each toilet	-----	25
For private garage and one automobile	-----	25
For each additional automobile	-----	15

Monthly Fire Hydrant Rates.

Minimum charge for 25 fire hydrants or less, per month-----	\$25 00
For each additional fire hydrant, per month-----	1 00

Dated at San Francisco, California, this eleventh day of January, 1924.

DECISION No. 13037.

IN THE MATTER OF THE APPLICATION OF LOS ANGELES GAS AND ELECTRIC CORPORATION FOR AN ORDER AUTHORIZING THE ISSUANCE AND SALE OF ITS SERIES "H" BONDS IN THE AMOUNT OF EIGHT MILLION DOLLARS PAR VALUE.

Application No. 9662.

Decided January 12, 1924.

Paul Overton, for Applicant.

BY THE COMMISSION.

OPINION.

Los Angeles Gas and Electric Corporation asks permission to issue and sell at not less than 94½ per cent of face value plus accrued interest \$8,000,000 of its general and refunding mortgage Series "H" 6 per cent bonds due March 1, 1942, for the purposes herein mentioned.

The record shows that Los Angeles Gas and Electric Corporation has an authorized capital stock of \$30,000,000, divided into \$10,000,000 of 6 per cent preferred stock and \$20,000,000 of common stock. As of December 1, 1923, the company reports \$6,886,100 of preferred stock and \$10,000,000 of common outstanding. As of the same date it reports bonded debt outstanding in the hands of the public as \$31,713,500, consisting of \$22,246,500 of general and refunding mortgage bonds and \$9,467,000 of underlying bonds. The general and refunding mortgage bonds consist of \$2,500,000 of Series "A" 7 per cent bonds due 1926, \$3,500,000 of Series "B" seven per cent bonds due 1931, \$1,500,000 of Series "C" 7 per cent bonds due 1931, \$1,937,500 of Series "D" 6 per cent bonds due 1942, \$5,000,000 of Series "E" 5½ per cent bonds due 1947, \$3,809,000 of Series "F" 5½ per cent bonds due 1943 and \$4,000,000 of Series "G" 6 per cent bonds due 1942. The Series "H" bonds, which applicant now intends to issue, will be dated January 1, 1924, will mature March 1, 1942, and will bear interest at 6 per cent per annum.

The company asks permission to sell its Series "H" bonds at 94½ per cent of face value plus accrued interest and to use the proceeds to reimburse its treasury and to finance the cost of extensions, additions and betterments, to refund outstanding indebtedness and for sinking fund purposes. It reports that prior to November 30, 1923, it

expended \$2,028,045.08 for additions and betterments, against which no bonds have been issued. In addition, it reports that its December construction expenditures will aggregate \$555,136. It estimates its 1924 construction expenditures, which it proposes to pay in part with the proceeds from the bonds now applied for, at \$10,989,110. The latter amount includes the following items:

Gas works, including one 7-million cubic feet generator, one 1-million cubic feet per hour and two ½-million cubic feet per hour each compressors, one 10-million cubic feet holder and purchase of property and installation of foundations for another 10-million cubic feet holder for 1925, together with auxiliary equipment and building--	\$1,607,610 00
Electric works, including one 17,500-kilowatt turbo-generator and auxiliary equipment -----	973,382 00
Gas distributing system -----	3,985,613 00
Electric distributing system -----	2,312,050 00
General office building and equipment -----	1,350,000 00
Miscellaneous -----	214,955 00
Overhead -----	545,500 00
Total-----	\$10,989,110 00

The company reports that in addition to reimbursing its treasury and financing the cost of additions and betterments, it intends to use \$458,000 of bonds for the purpose of making sinking fund payments on May 1, 1924, under its general and refunding mortgage and \$1,944,000 to refund the outstanding \$944,000 of first mortgage 5 per cent bonds of Los Angeles Lighting Company which are due April 1, 1924, and the outstanding \$1,000,000 of general mortgage and collateral trust 7 per cent bonds, which are also due April 1, 1924.

The \$1,000,000 of general mortgage and collateral trust bonds are secured in part by the pledge of \$1,500,000 of applicant's first and refunding mortgage bonds. The order of the Commission authorizing the hypothecation of the first and refunding mortgage bonds provides, among other things, that as the general mortgage and collateral trust bonds are paid, a proper proportion of the first and refunding mortgage bonds shall be returned to the company's treasury and thereafter disposed of only as authorized by the Commission.

ORDER.

Los Angeles Gas and Electric Corporation having applied to the Railroad Commission for permission to issue and sell \$8,000,000 of bonds, a public hearing having been held before Examiner Fankhauser and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for through such issue and sale of bonds is reasonably required for the purpose or purposes specified herein and that the expenditures for such purpose or purposes are not in whole or in part reasonably chargeable to operating expenses or to income;

It is hereby ordered, that Los Angeles Gas and Electric Corporation be and it is hereby authorized to issue and sell at not less than 94½ per cent of their face value and accrued interest \$8,000,000 of its general and refunding mortgage Series "H" 6 per cent bonds due March 1, 1942.

The authority herein granted is subject to further conditions as follows:

1. Applicant may use \$458,000 of the bonds herein authorized for the purpose of making sinking fund payments on May 1, 1924, and may use the proceeds from the sale of \$1,944,000 of bonds to pay the underlying bonds of like amount referred to in the opinion preceding this order.

2. The remaining proceeds obtained from the sale of the bonds shall be used by applicant to reimburse its treasury on account of earnings expended for additions and betterments prior to November 30, 1923, and to finance in part the cost of extensions, additions and betterments to applicant's plants and properties referred to in the opinion preceding this order, provided that only such expenditures as are properly chargeable to capital account under the uniform system of accounts prescribed or adopted by the Railroad Commission may be financed with the proceeds from the sale of the bonds herein authorized.

3. Applicant shall keep such record of the issue and sale of the bonds herein authorized and of the disposition of the proceeds as will enable it to file on or before the twenty-fifth day of each month a verified report, as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

4. Applicant shall during 1924 file with the Railroad Commission, as soon as available, monthly statements of its construction expenditures.

5. The authority herein granted to issue bonds will become effective when applicant has paid the fee prescribed by section 57 of the Public Utilities Act, which fee is \$4,000, and will expire on September 30, 1924.

Dated at San Francisco, California, this twelfth day of January, 1924.

DECISION No. 13041.

IN THE MATTER OF THE APPLICATION OF VALLEY TRANSIT COMPANY, FOR AUTHORITY TO ISSUE NOTES AND TO PURCHASE CERTAIN PROPERTY SUBJECT TO OUTSTANDING INDEBTEDNESS.

Application No. 9643.

Decided January 15, 1924.

Ernest Walling, for Applicant.

BY THE COMMISSION.

OPINION.

In this application the Railroad Commission is asked to make an order authorizing Valley Transit Company to issue a \$20,000 note, the payment of which is to be secured by a mortgage, and to assume the payment of indebtedness amounting to \$55,815, which payment is covered by a purchase contract.

The Valley Transit Company is engaged in the business of transporting persons and property by automobile stage between the city of Merced and the city of Bakersfield via Fresno and intermediate points. The company has an authorized capital stock of \$250,000, all of which is outstanding. During 1922 it paid dividends at the rate of 8 per cent and during 1923 at the rate of 12 per cent on the outstanding capital stock.

The company has entered into an agreement covering the purchase of lots 23, 24 and 25 in block 76 in the city of Fresno, Fresno County. It has agreed to pay \$45,000 for this property: \$25,000 to be paid in cash and \$20,000 to be represented by the assumption of a mortgage. The mortgage is due. Applicant asks permission to issue its three-year 7 per cent notes to refund the \$20,000 indebtedness. A copy of the proposed mortgage is on file in this proceeding and marked "Applicant's Exhibit No. 1." The company intends to use this property for garage purposes.

It appears of record that the company sold eighty acres of farmland and through such sale acquired the following property:

Lots 18, 19, 20 and 21 in block 29, of Belmont addition in the city of Fresno.

In acquiring this property it assumed indebtedness of \$55,815, payable in monthly installments of \$500, with interest at the rate of 7 per cent per annum. The property acquired by the company produces at present a net income of \$675. The company asks to assume the payment of the \$55,815. A copy of the contract covering the purchase of such property is filed in this proceeding as "Applicant's Exhibit No. 2."

ORDER.

Valley Transit Company having applied to the Railroad Commission for permission to issue notes, assume indebtedness and to execute a mortgage, a public hearing having been held before Examiner Fankhauser and the Railroad Commission being of the opinion that the money, property or labor to be procured or acquired through the issue of the notes and the assumption of the indebtedness herein authorized is reasonably required by applicant and that this application should be granted as herein provided;

It is hereby ordered, that the Valley Transit Company be and it is hereby authorized to execute a mortgage substantially in the same form as the mortgage filed in this proceeding and marked "Applicant's Exhibit No. 1," to secure the payment of \$20,000 face value of three-year 7 per cent notes referred to in the following paragraph, provided that the authority herein granted to execute a mortgage is for the purpose of this proceeding only, and is granted in so far as this Commission has jurisdiction under the terms of the Public Utilities Act, and is not intended as an approval of such mortgage as to such other legal requirements to which said mortgage may be subject.

It is hereby further ordered, that Valley Transit Company be and it is hereby authorized to issue a three-year 7 per cent note in the principal sum of \$20,000 for the purpose of acquiring and paying in part for the following described property:

Lots 23, 24 and 25 in block 76 in the city of Fresno, county of Fresno, State of California.

It is hereby further ordered, that Valley Transit Company be and it is hereby authorized to assume the payment of an indebtedness in the amount of \$55,815, said indebtedness to be assumed in connection with the purchase of the following property:

Lots 18, 19, 20 and 21 in block number 29 of Belmont addition to the city of Fresno, according to the map or plat thereof on file and of record in the office of the county recorder of the county of Fresno, State of California.

The indebtedness authorized to be assumed by Valley Transit Company shall be paid in accordance with the agreement filed in this proceeding and marked "Applicant's Exhibit No. 2."

The authority herein granted is subject to further conditions as follows:

1. Valley Transit Company shall file with the Railroad Commission a report or reports as required by the Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

2. The authority herein granted will become effective upon the payment of the fee prescribed by section 57 of the Public Utilities Act, which fee is \$76. The authority to issue a note, execute a mortgage and assume indebtedness will expire on May 1, 1924.

Dated at San Francisco, California, this fifteenth day of January, 1924.

DECISION No. 13054.

IN THE MATTER OF THE APPLICATION OF FRANK P. CADY AND RILLA E. CADY, COPARTNERS, OWNERS OF SUSANVILLE WATER WORKS, FOR AN ORDER AUTHORIZING THE ISSUE OF A NOTE OR NOTES SECURED BY A MORTGAGE UPON SAID SUSANVILLE WATER WORKS FOR THE SUM OF TWENTY-FOUR THOUSAND DOLLARS.

Application No. 9620.

Decided January 16, 1924.

Frank P. Cady, for Applicants.

BY THE COMMISSION.

OPINION.

Frank P. Cady and Rilla E. Cady, copartners, owners of Susanville Water Works, ask permission to issue notes in the aggregate sum of \$24,000 and to secure said notes by the execution of mortgages.

It is the intention of applicants to issue to the Lassen Industrial Bank a four-year 7 per cent note in the sum of \$10,000 and to secure the payment of such note by the execution of a first mortgage which will be a lien on all of the water properties of applicants. Applicants further intend to issue to L. R. Cady, a four-year 7 per cent note for the principal sum of \$14,000 and to secure the payment of such note by a mortgage which will be a second lien on applicants' water properties. The notes will be issued for the purpose of paying or refunding a \$24,000 note which applicants issued to the Bank of Lassen County pursuant to the authority granted by the Commission in Decision No. 7529, dated May 3, 1920.

It is of record that applicants have not sufficient cash to pay the note due the Bank of Lassen County. The Lassen Industrial Bank and L. R. Cady, however, are willing to loan applicants \$24,000 to enable them to pay the \$24,000 note due the Bank of Lassen County.

Applicants' operating revenues for the year 1923 are reported at \$21,082.94. The operating expenses are reported at \$11,403.30 which, deducted from the operating revenues, leaves a net operating revenue of \$9,679.64. The interest charges during the year amounted to \$2,704.07. Other deductions from net operating revenue and uncollectible revenues amount to \$700.55. After deducting the interest charges of \$2,704.07 and the other deductions of \$700.55 applicants had remaining a net income or surplus for the year of \$6,275.02. While applicants' net operating revenues are in excess of the interest charges the testimony shows that during the past several years a substantial part of applicants' surplus has been invested in extending and in improving applicants' water system.

ORDER.

Frank P. Cady and Rilla E. Cady, copartners, owners of Susanville Water Works, having applied to the Railroad Commission to issue notes in the aggregate sum of \$24,000 and to execute mortgages, a public hearing having been held before Examiner Fankhauser and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for by the issue of such notes is reasonably required by applicants, and that the expenditures herein authorized are not in whole or in part reasonably chargeable to operating expenses or to income;

It is hereby ordered, that Frank P. Cady and Rilla E. Cady, copartners, owners of Susanville Water Works, be and they are hereby authorized to execute mortgages substantially in the same form as the mortgages filed in this proceeding and marked "Exhibit No. 2" and "Exhibit No. 4," respectively, provided that the authority herein granted to execute such mortgages is for the purpose of this proceeding only and is granted in so far as this Commission has jurisdiction under the terms of the Public Utilities Act, and is not intended as an approval of said mortgages as to such other legal requirements to which said mortgages may be subject.

It is hereby further ordered, that Frank P. Cady and Rilla E. Cady, copartners, owners of Susanville Water Works, be and they are hereby authorized to issue notes in the aggregate sum of \$24,000, said notes to be payable on or before four years after date and to bear interest at not exceeding 7 per cent per annum.

The authority herein granted is subject to further conditions as follows:

1. Within thirty days after the issue of the notes herein authorized applicants shall file with the Railroad Commission a report, as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is hereby made a part of this order.

2. Within thirty days after the issue of the notes herein authorized, applicants shall file with the Railroad Commission certified copies of the mortgages executed to secure the payment of the notes.

3. The authority herein granted will become effective upon the date hereof.

Dated at San Francisco, California, this sixteenth day of January, 1924.

DECISION No. 13055.

IN THE MATTER OF THE APPLICATION OF WESTERN STATES GAS AND ELECTRIC COMPANY, A CORPORATION, FOR AN ORDER AUTHORIZING THE ISSUE AND SALE OF ITS FIRST AND UNIFIED MORTGAGE GOLD BONDS, SERIES "A," SIX PER CENT, OF THE PAR VALUE OF FIVE HUNDRED FIFTY THOUSAND DOLLARS.

Application No. 9647.

Decided January 16, 1924.

Chickering and Gregory, by *Allen L. Chickering*, and *Samuel Kahn*, for Applicant.

BY THE COMMISSION.

OPINION.

Western States Gas and Electric Company asks permission to issue and sell, at not less than 88½ per cent of their face value plus accrued interest, \$550,000 of its first and unified mortgage Series "A" 6 per cent bonds, for the purpose of paying indebtedness and of financing the cost of extensions, additions and betterments to its plants and properties.

In Application No. 9525, filed with the Commission on November 16, 1923, the company reported its uncapitalized construction expenditures as of September 30, 1923, as \$661,803.24 and it estimated that during the period from October 1, 1923, to March 30, 1924, it would be called upon to expend \$1,321,150 for extensions, additions and betterments. In this application applicant estimates its construction expenditures for the period commencing April 1, 1924, and ending September 30, 1924, at \$445,400 as shown in Exhibit No. "3" attached to the application. The actual and estimated construction expenditures to which reference has been made amount to \$2,428,353.24.

The decision in Application No. 9525 authorizes applicant to issue \$800,000 of bonds. In Application No. 9588 now pending before the Commission applicant asks permission to issue \$750,000 of common stock at par. The two applications involve the issue of \$1,550,000 of stock and bonds. Deducting this amount from the \$2,428,353.24 of actual and estimated construction expenditures leaves a balance of \$878,353. Applicant asks permission to issue the \$550,000 of bonds for the purpose of paying in part the cost of additions and betterments to which reference has been made, or to pay indebtedness incurred for that purpose.

Applicant reports, however, that it does not intend to sell the bonds at this time. It will hold them in its treasury until such time as the Commission will fix the price at which the bonds may be sold.

ORDER.

Western States Gas and Electric Company having applied to the Railroad Commission for permission to issue bonds, a public hearing having been held before Examiner Fankhauser, and the Commission being of the opinion that the money, property or labor to be procured or paid for by such issue is reasonably required by applicant for the purposes specified herein, and that the expenditures for such purposes are not in whole or in part reasonably chargeable to operating expense or to income;

It is hereby ordered, that Western States Gas and Electric Company be and it is hereby authorized to issue \$550,000 of its first and unified mortgage Series "A" 6 per cent bonds for the purpose of paying in part the cost of the additions and betterments referred to in the foregoing opinion or to pay indebtedness incurred because of the construction of said additions and betterments.

The authority herein granted is subject to the following conditions:

1. None of the bonds herein authorized shall be sold until the Commission by supplemental order has fixed the price at which they may be sold.

2. Applicant shall keep such record of the issue, sale and delivery of the bonds herein authorized and of the disposition of the proceeds as will enable it to file on or before the twenty-fifth day of each month a verified report, as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

3. The authority herein granted to issue bonds will become effective when applicant has paid the fee prescribed by section 57 of the Public Utilities Act, which fee is \$550, and will expire on September 30, 1924.

Dated at San Francisco, California, this sixteenth day of January, 1924.

DECISION No. 13059.

IN THE MATTER OF THE APPLICATION OF LOS ANGELES JUNCTION RAILWAY COMPANY TO ISSUE AND SELL ONE MILLION DOLLARS, PAR VALUE, OF ITS CAPITAL STOCK, AND TO ISSUE PROMISSORY NOTES IN THE SUM OF TWO HUNDRED FIFTY THOUSAND DOLLARS.

Application No. 9205.

Decided January 17, 1924.

Le Roy M. Edwards, for Applicant.

BRUNDIGE, *Commissioner.*

FIRST SUPPLEMENTAL OPINION.

Los Angeles Junction Railway Company, in its amended application filed in the above entitled matter on December 6, 1923, asks the Railroad Commission to set aside Decision No. 12584, made on the original application on September 7, 1923, and to make an order on its application as now amended, authorizing it to issue and sell \$500,000 of its capital stock.

The record in this proceeding shows that the company was formed primarily for the purpose of constructing and operating a belt line junction railway connecting the lines of the Southern Pacific, Union Pacific, Santa Fe and Pacific Electric, and serving the industries in the new industrial district (Central Manufacturing District) to be developed in San Antonio township, county of Los Angeles, as well as any other industries located along the lines of applicant and including the Los Angeles stock yards. At the time the original application was filed, on July 9, 1923, it was the company's intention to acquire 47.3 acres of land in the Central Manufacturing District to be used for switching, yard and other railroad purposes. The Commission's decision, No. 12584, authorized the company to issue \$1,000,000 of its stock and sell \$639,800 of such stock for cash at not less than par and use the proceeds to acquire the 47.3 acres of land at \$7,500 an acre, to purchase and construct tracks, locomotives, and facilities, to provide working capital and for such other purposes as the Commission might authorize.

Applicant has now advised the Commission that it does not desire to avail itself of the authority granted by Decision No. 12584. It reports that it has modified its plans and does not intend, at this time at least, to acquire the 47.3 acres of land, but intends to lease such land in the Central Manufacturing District as it finds necessary on a basis of a value of \$7,500 an acre. Land needed for rights of way and terminals outside the district will be purchased by applicant.

Because of the modification of its plans applicant has decided to file an amended application asking permission to issue only \$500,000 of stock. It intends to sell its stock at par for cash and to use the proceeds for the following purposes:

To pay the cost of tracks constructed prior to December 1, 1923-----	\$42,490 18
To pay the cost of additional tracks to be constructed in the immediate future -----	50,277 78
To cover the cost of handling materials-----	1,855 95
To pay for materials on hand-----	10,966 70

To pay the estimated cost of properties as follows:

Tracks -----	\$73,500 00
Filling property -----	15,000 00
Round house -----	20,000 00
Machine shop -----	10,000 00
Locomotives -----	70,000 00
Machinery -----	65,400 00
Turn table -----	15,000 00
Fuel station -----	2,000 00
Water tank -----	1,500 00
Electrification of tracks from Pacific Electric -----	9,000 00
Interlocking plants -----	20,000 00
Total estimated cost -----	\$301,400 00
To pay for land -----	50,000 00
For working capital -----	43,000 39
Total -----	\$500,000 00

The company reports that in order to make connections with the Southern Pacific tracks it expects to expend about \$50,000 for approximately two acres of land in Vernon. The company did not, however, at the hearing held on December 27, 1923, furnish the Commission with a description of the land to be acquired, nor did it advise the Commission definitely on the exact size and cost. The order herein will therefore provide for the expenditure at this time of only \$450,000 of the proceeds from the sale of the stock. Upon the filing by applicant of a description of the land to be acquired, together with a statement of its exact size and cost, the Commission will, by supplemental order, authorize the use of all or a part of the remaining \$50,000.

I herewith submit the following form of order:

FIRST SUPPLEMENTAL ORDER.

Los Angeles Junction Railway Company having requested the Railroad Commission to set aside Decision No. 12584, dated September 7, 1923, and to make an order authorizing it to issue and sell \$500,000 of stock, a public hearing having been held and the Railroad Commission being of the opinion that the application should be granted as herein provided;

It is hereby ordered, that Decision No. 12584, dated September 7, 1923, be and it is hereby vacated and set aside.

It is hereby further ordered, that Los Angeles Junction Railway Company be and it is hereby authorized to issue and sell for cash, at par, \$500,000 of its common capital stock.

The authority herein granted is subject to further conditions as follows:

1. Applicant may use \$450,000 of the proceeds from the sale of the stock herein authorized to pay the cost of the tracks, materials, properties and equipment referred to in the foregoing opinion, and to provide applicant with working capital, except that no part of said \$450,000

shall be expended for the acquisition of the lands referred to in such opinion. Upon receiving a description of the land which applicant intends to acquire, the Commission will, by supplemental order, determine how much applicant may expend for such land. Fifty thousand dollars obtained from the sale of the stock herein authorized to be issued shall be held by applicant in its treasury, and expended only as authorized by the Commission.

2. Applicant shall keep such record of the issue, sale and delivery of the stock herein authorized and of the disposition of the proceeds as will enable it to file, on or before the twenty-fifth day of each month, a verified report, as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

3. The authority herein granted to issue stock will become effective upon the date hereof but will expire on August 31, 1924.

The foregoing first supplemental opinion and first supplemental order are hereby approved.

Dated at San Francisco, California, this seventeenth day of January, 1924.

DECISION No. 13061.

IN THE MATTER OF THE APPLICATION OF THE LOS VERJELS LAND AND WATER COMPANY, A CORPORATION, FOR AUTHORITY AND PERMISSION TO RENEW A MORTGAGE ON THE LANDS AND PROPERTY OF THE COMPANY AND TO ESTABLISH WATER RATES.

Application No. 9621.

Decided January 18, 1924.

V. T. McGillicuddy, for Applicant.

By THE COMMISSION.

OPINION.

In this application Los Verjels Land and Water Company asks the Railroad Commission to make an order establishing water rates and authorizing it to execute a mortgage and to issue a note in the principal amount of not exceeding \$7,828.

A public hearing on the application in so far as it relates to the execution of a mortgage and the issue of a note was held before Examiner Fankhauser in San Francisco, on January 17, 1923. The hearing on the application in so far as it relates to the establishment of water rates has been set for a later date and applicant has been directed to give due notice of such hearing.

The record shows that pursuant to authority granted by Decision No. 6075 dated January 20, 1919, the company executed a mortgage and

issued a one-year 7 per cent note in the principal amount of \$13,500 for the purpose of refunding an outstanding note which had been issued under authority previously granted by the Commission in Decision No. 1085 dated November 21, 1913. It is now reported that \$7,828 of this note remains unpaid and that the bank which holds the note has expressed a willingness to accept a new note for this unpaid balance.

At the hearing held on January 17th applicant offered in evidence a copy of its proposed mortgage. Following the introduction in evidence of the proposed mortgage, the instrument was modified, so as to exempt from its lien 32.4 acres of land in sections 12 and 13, Yuba County, sold to Junea W. Kelly and more particularly described in her deed of December 6, 1923.

ORDER.

Los Verjels Land and Water Company having applied to the Railroad Commission for permission to execute a mortgage and issue a note for not more than \$7,828, a public hearing having been held and the Commission being of the opinion that the money, property or labor to be procured or paid for through the issue of such note is reasonably required by applicant;

It is hereby ordered, that Los Verjels Land and Water Company be and it is hereby authorized to execute a mortgage substantially in the same form as that filed in this proceeding and marked "Applicant's Exhibit No. 1" and to issue its one-year 7 per cent note in the principal amount of not exceeding \$7,828 for the purpose of refunding in part the note authorized by Decision No. 6075, dated January 20, 1919.

The authority herein granted is subject to the following conditions:

1. The authority herein granted to execute a mortgage is for the purpose of this proceeding only and is granted in so far as this Commission has jurisdiction under the terms of the Public Utilities Act and is not intended as an approval of said mortgage as to such other legal requirements to which said mortgage may be subject.

2. Applicant shall keep such record of the issue and delivery of the note herein authorized as will enable it to file, within thirty days after such issue and delivery, a verified statement, as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

3. The authority herein granted to execute a mortgage and to issue a note will become effective upon the date hereof but will expire on March 31, 1924.

Dated at San Francisco, California, this eighteenth day of January, 1924.

DECISION No. 13063.

IN THE MATTER OF THE APPLICATION OF SAN FRANCISCO-SACRAMENTO RAILROAD COMPANY TO DISCONTINUE SAN RAMON BRANCH, OPERATED BETWEEN SARANAP AND DIABLO, CALIFORNIA, AND INTERMEDIATE POINTS.

Application No. 9081.

IN THE MATTER OF THE INVESTIGATION UPON THE COMMISSION'S OWN MOTION INTO THE PRACTICES, SERVICE, SAFETY AND OPERATING CONDITIONS OF THE SAN FRANCISCO-SACRAMENTO RAILROAD UPON ITS DANVILLE BRANCH.

Case No. 1931.

Decided January 19, 1924.

Jesse H. Steinhart, for San Francisco-Sacramento Railroad Company.
Devlin and Brookman, by *Frank R. Devlin*, for Danville Grange and other protestants.

T. C. Nelson, for Contra Costa County Farm Bureau, Protestant.
Frank H. Richey, for Blyth-Witter and Company and *E. H. Rollins and Sons*.
J. J. Deuel and *L. S. Wing*, for California Farm Bureau Federation, Protestant.

MARTIN, Commissioner.

OPINION.

In the above entitled Application No. 9081 the San Francisco-Sacramento Railroad Company alleges that a branch of its railroad known as the "San Ramon Branch," extending between the stations of Saranap and Diablo in Contra Costa County, has been operated at a material loss; that the revenues have been insufficient to cover operating expenses, and that the line can not be made to operate at a profit. An order authorizing the abandonment of this branch line is asked. Case No. 1931 was instituted by the Commission on its own motion after certain informal representations had been made to it concerning service and safety conditions upon this branch line, and the two matters were consolidated for hearing and decision. Public hearings were held at Danville on July 19th and September 25th, and at San Francisco on October 3, 1923. Abandonment was vigorously protested by residents of the section served by this branch line, and the Board of Supervisors of Contra Costa County filed with the Commission a resolution stating that it deplored the proposed abandonment, and urging that the application be denied.

Description of Line Proposed to Be Abandoned.

The applicant, San Francisco-Sacramento Railroad Company, operates a line of electric railway between Oakland and Sacramento, connecting at Oakland with the Key System Transit Company for through service to San Francisco. As a part of its system, it operates

two branch lines, the one here in question and another between West Pittsburg and Pittsburg. This company is the result of the reorganization of corporate ownership of the properties formerly operated by the Oakland, Antioch and Eastern Railway, one of which was the San Ramon Valley Railroad, then operated under lease, and controlled by stock ownership. Under the reorganization plan, the line of this San Ramon Valley Railroad, a corporation, was included with the other properties leased and operated by the Oakland, Antioch and Eastern Railway, and became the San Ramon branch of the new corporation, the applicant herein (See 16 C. R. C. 960; 17 C. R. C. 493; 17 C. R. C. 675). This line had been constructed in 1913-1914, from Saranap, where it joins the main line of the system, to Danville, and had later been extended to Diablo, a total distance of approximately ten miles, the cost having been in the neighborhood of \$179,000.

The valley through which this branch line runs is some ten miles in length and of an average width of one-half mile, given over largely to the raising of fruit and nuts. The valley is also traversed by the San Ramon branch of the Southern Pacific Company, which antedates the electric line here in question, and by a concrete highway, paved in 1920, leading to Walnut Creek and thence to Oakland. Both passengers and freight are carried by the branch line of the Southern Pacific, but as the service on that line is limited to one mixed train daily except Sunday, it is in effect freight service only. No common carrier automobile truck or stage line operates at present over the highway.

The service rendered by the San Francisco-Sacramento Railroad Company on this branch line consists of five round trips daily between Saranap and Diablo by a combination passenger and express electric motor car. At Saranap connection is made with applicant's through electric trains for Oakland and Sacramento, the schedule running time between Diablo and San Francisco being approximately two hours, of which thirty to forty minutes are consumed on the branch line. Local less than carload freight, mail and express are handled in the express compartment of the electric motor car above mentioned, and this car acts as a locomotive to haul such carload freight as may be offered for transportation over the branch.

Results of Operation.

In support of its application for leave to abandon this branch line, applicant presented the following statement of revenue and expenses during the four years ending December 1, 1922:

Revenue and Operating Expenses, Danville Branch, for years 1919, 1920, 1921, and 1922.

Revenue—	1919	1920	1921	1922
Passenger	\$5,612 19	\$5,614 37	\$7,044 42	\$5,456 81
Freight	2,030 30	2,126 85	2,174 56	3,328 04
Milk and express	404 34	338 81	523 92	610 54
Mail	304 72	370 84	370 84	370 84
Total revenue	\$8,351 55	\$8,450 87	\$10,113 74	\$9,766 23
Operating expenses—				
Way and structures	\$11,611 88	\$16,475 06	\$11,373 84	\$8,814 99
Equipment	2,622 57	2,012 90	2,121 06	1,910 20
Power	1,020 28	1,207 36	1,276 04	1,254 94
Conducting transportation	6,790 42	7,120 94	6,855 78	6,918 88
General and miscellaneous	432 78	684 68	440 58	612 68
Taxes	438 46	443 07	530 97	612 73
Total expenses	\$22,916 39	\$27,944 51	\$22,508 22	\$20,024 38
Net deficit	\$14,364 84	\$19,493 64	\$12,484 48	\$10,258 15

This statement shows a progressively decreasing net deficit for the years 1921 and 1922 respectively, accounted for by the substantial decrease in the amounts expended for the maintenance of way and structures during these years. This matter of deferred maintenance is discussed hereinafter under the heading of Rehabilitation.

The revenue items were arrived at by prorating the revenues from all business moving over any portion of the branch on a mileage basis, the total amount received for transportation being prorated to the branch and main line, respectively, in proportion to the number of miles upon the branch and main lines consumed in the movement. The actual expense for labor and material in maintenance of way and structures was used, while the figures for equipment maintenance were derived by applying the average car-mile maintenance of equipment cost throughout the system to the number of car-miles operated upon the branch. The amount allowed for power is based upon an actual test of the power consumed by the motor car used upon the branch, power being figured at its cost at the substation, plus 25 per cent current conversion charge, plus .15 per cent allowance for line losses. Actual expense of crews on the branch, together with the salary and expenses of the Danville agent, constitute the charge for conducting transportation. The estimates of general and miscellaneous include only per diem and insurance charges, and do not include any portion of applicant's general office, legal, traffic or operating expenses. Taxes are prorated in the same manner as revenue. If we are to accept this mode of figuring operating costs and revenue upon this branch line, it is evident that substantial loss has been incurred, and will continue unless conditions materially change.

Engineers from the division of transportation of the Commission made a survey of the operation of this branch line and presented a report showing financial results to applicant which they estimated

might be expected from its abandonment. In this estimate revenues which would be lost to the system if the branch line were abandoned, are considered as revenues of the branch, and expenses which would be saved are considered as operating expenses. Excluding the items of renewal and depreciation, this method originally showed an estimated total revenue of \$20,474, and an estimated total operating expense of \$18,775, leaving a net income of \$1,699. It was the later opinion of the Commission's engineers, however, that \$3,400 should be added to cover main line expense, and that \$500 should be subtracted because of decreased renewal costs, making a net result of \$1,201 loss per annum. This method of estimating the results of operation, while no doubt an approximation, shows the operations of this line in the most favorable possible light.

Rehabilitation.

It appears that if operation over this branch line is to continue, a substantial program of rehabilitation must at once be undertaken, since for some time the branch has not had sufficient earnings to cover maintenance or depreciation charges, and expenditures that would normally have been made for maintenance purposes have been deferred.

It seems proper that if this rehabilitation is to be undertaken at all it should be complete and should put the line in first class operating condition to handle the present volume of business, together with a reasonable increase in traffic, and the Commission is in accord upon all the main items suggested by the Commission's engineers, after investigation and survey, as necessary to a reasonable rehabilitation program. In brief, such a program would include:

Ballast, 13,000 cubic yards at \$1.50-----	\$19,500 00
Cross ties (two-year renewal) 6"x8"x8' redwood, 16,600 at \$1.05-----	17,430 00
Switch ties, 7 sets at \$80-----	560 00
Tie plates (all ties), 53,000 at \$0.16-----	8,480 00
Bridges and trestles-----	4,160 00
Bank restoration -----	2,000 00
Rip-rap -----	2,500 00
Street paving at Danville, 19,800 square feet at \$0.15-----	2,970 00
Overhead construction -----	4,500 00
Rebuild car body-----	5,600 00
Track labor, 25,000 hours at \$0.40-----	10,000 00
Store expense, tools, supervision, etc., 10 per cent.-----	7,800 00
Total -----	\$85,500 00

If to these sums be added the salvage value of the line, if abandoned (estimated at \$30,000), the loss which applicant would suffer in case of nonabandonment would be considerably enhanced.

Future Possibilities.

The evidence presented at the hearings in these matters shows that at the time the San Ramon Valley Railroad was constructed there was

in the minds of a large number of persons, including the builders of the line, an expectation that the San Ramon Valley would develop into a commuting residence area similar to certain sections of Marin and San Mateo counties, but the hope of such development has not materialized. Danville is one-half hour farther removed from San Francisco as regards time than are either San Rafael or Palo Alto, which appear to limit the reasonably profitable commuting areas north and south from San Francisco, and while those areas have undergone rapid development during the past five years, the number of regular commuters originating on the line here in question has remained small and practically constant. In 1919 there were twenty-one such commuters; in 1920 twenty-four; in 1921 twenty-five; in 1922 seventeen, and in 1923 twenty-two, figures for May, the month of heaviest travel, being taken.

It was suggested by protestants that this section might develop into a commuting area for Oakland and other "East Bay" points, but the record before us shows that no such development has, in fact, taken place, and future development is speculative and uncertain both as to fulfillment and to time. It was also suggested that better service on this line would tend to increase the number of commuters. However, evidence submitted by the applicant showed that increased service on the main line, regarding which the same argument was formerly made, has not so resulted, and that the number of regular commuters from main line points in and about Walnut Creek, a section comparable to the one here in question, is now actually less than it was five years ago. Successful commutation business requires the support of a large number of regular commuters, and we can not escape the conclusion that applicant can scarcely hope to render this branch a profitable venture from a commuting point of view.

During the past few years there has been, in this area, considerable development in the raising of horticultural products, chiefly fruits and nuts, and it appears that there is room for more development along this line, together with that of live stock raising. The evidence before the Commission, however, does not justify the conclusion that the business which may reasonably be expected from such development would accrue to applicant in sufficient amounts to enable the profitable operation of this line.

In addition to the failure of the San Ramon Valley to develop materially as a suburban residence area there have been a number of unexpected, and, we think, unforeseeable factors which have militated against the success of this venture. Chief among these has been the rapid development of privately owned automobile competition, which has been aided by the construction of the concrete highway above mentioned. In addition, the operations of this line have been carried on

during a period of unprecedented labor and material cost increases, as a result of which many enterprises of this type in all parts of the country have succumbed. These factors have served materially to accentuate the task of profitably operating this branch line. A further unforeseen difficulty has arisen from the fact that, when the county highway along which this branch runs for more than four miles was paved in 1920, its elevation was slightly raised for portions of this distance, with the result that the roadbed of this railroad receives whatever water drains therefrom. It is imperative that if service over this branch is continued, the roadbed be raised sufficiently to escape this surface drainage. This forms a part of the necessary rehabilitation expense.

It was claimed by protestants that applicant has not seriously endeavored to build up certain types of freight business on this branch, such as the carriage of live stock and hay. To controvert this contention, applicant introduced testimony showing that it does not reach either the points of origin or of destination of a large proportion of such possible traffic, but that the Southern Pacific Company, its competitor in this region, does, in most cases, have direct access to such points. Applicant also offered testimony to the effect that the hay business was nonremunerative. As to the more profitable types of freight, such as fruit, applicant showed that it had not only sought the business, but had been successful in obtaining the bulk of it in this area. The testimony indicated clearly that applicant has in the past not actively solicited certain lines of business, but there was lacking testimony to show that such business, if obtained, would or could have rendered operations profitable. The evidence tended to show that the loss sustained by this branch line was not in material degree caused or augmented by certain embargoes placed at various times upon certain types of freight.

Authority for the abandonment of public utility service has been granted by this Commission only in cases where it has clearly appeared that operation could not be continued save at an actual loss, and the Commission in this, as in all cases of proposed abandonment, has weighed the evidence with particular care, in order to ascertain whether there might be present some opportunity of economies or increased business which would make profitable operation possible. A public utility, while it owes large duties to the public, can not, under the law, be compelled to continue its operation at a loss. (*Lyon & Hoag vs. R. R. Com.*, 183 Cal. 145; *Brooks Scanlon L. Co. vs. R. R. Com.*, 251 U. S. 396; 64 L. Ed. 323.)

Where the operations of a railroad are, as a whole, over the entire system, yielding a fair return, authority for the abandonment of an unprofitable branch line may, we think, sometimes be denied. (See *Application of G. B. & W. R. R.*, 70 I. C. C. 251, 253.) In other words,

if a railroad as a whole is profitable (that is, enjoying a fair return), it seems to us proper that it would not be unfair to ask it to stand some loss upon a branch line, where public convenience and necessity appear actually to demand the continuance of service thereon. But in the present case, the railroad, as a whole, earned in 1922 barely 2 per cent upon the submitted value of its system, as shown by the evidence in this proceeding, with a probability that operation results for 1923 will fall below even that figure. We are of the opinion that in such case the above principle does not apply, and that it would, therefore, be neither equitable nor legal to demand in the present instance that these branch line losses be longer absorbed. This opinion is strengthened by the fact that we have nothing conclusive before us which would justify the opinion that the loss on this branch line is temporary, or that there is any reasonable prospect of increased business sufficient to render operations profitable. Attention is also directed to the further important fact that an expenditure of approximately \$85,000 is necessary to rehabilitate the road for safe and continued operations. The application for leave to abandon will, therefore, be granted, and the proceeding on the Commission's own motion will be dismissed.

We particularly call attention to the fact that the abandonment of this line will not leave this valley without transportation service. The Southern Pacific Company's San Ramon branch possesses ample facilities to handle the freight traffic of this region, and applicant has offered to install an automobile stage service connecting with its main line at Walnut Creek, to accommodate such passenger business as may develop. While no definite schedule has as yet been proposed, it is our conclusion that such substitutional automobile stage service is practicable, and that by it more frequent connections with main line trains would be possible than are now obtained. Both at the hearings and in its brief filed in these matters, applicant has declared that, if granted authority to abandon the branch line, it will proceed to place before the Commission definite plans for the inauguration of such automobile stage service. The Commission will look to applicant to carry out this expressed intention at once.

ORDER.

Public hearings having been held in the above entitled proceedings, briefs having been filed, the Commission being fully apprised of the facts, said matters having been submitted, and now being ready for decision, and basing our order upon the above opinion and the findings and statements of fact therein contained;

It is hereby ordered, that the San Francisco-Sacramento Railroad Company be and it is hereby granted permission to abandon operation over its branch line of railroad between Saranap and Diablo, in the

county of Contra Costa, State of California, and to remove its tracks and appurtenances therefrom, subject to the following conditions:

(1) The operation of said branch shall not cease prior to the twenty-fourth day of February, 1924.

(2) With the removal of said track from any portion of any public highway along or across which said track may be located, the said public highway shall be restored to a condition suitable for public use and travel similar to that in which the said highway or highways now are.

(3) Applicant shall cause to be posted notice of abandonment of service in each and every passenger car operated on applicant's system and in each passenger station for ten consecutive days prior to the abandonment of said service.

(4) Applicant shall notify this Commission, in writing, of the removal of said track, within thirty (30) days after said removal.

It is hereby further ordered, that the above entitled proceeding instituting an investigation upon the Commission's own motion into the practices, service, safety and operating conditions of the Danville branch of San Francisco-Sacramento Railroad Company be and it is hereby dismissed.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this nineteenth day of January, 1924.

DECISION No. 13064.

IN THE MATTER OF THE JOINT APPLICATION OF CARLETON ROBERT DOWNS, SOMETIMES KNOWN AS C. R. DOWNS, OPERATING PUBLIC UTILITY WATER SYSTEMS UNDER THE FICTITIOUS NAMES OF SUTTER AND AMADOR WATER COMPANY AND IONE WATER COMPANY, AND OF THE PACIFIC GAS AND ELECTRIC COMPANY, A CORPORATION, FOR AN ORDER OF THE RAILROAD COMMISSION AUTHORIZING THE FORMER TO SELL AND CONVEY AND THE LATTER TO PURCHASE AND ACQUIRE THE PROPERTY REFERRED TO IN THE PETITION.

Application No. 9574.

IN THE MATTER OF THE APPLICATION OF AMADOR ELECTRIC LIGHT AND POWER COMPANY, A CORPORATION, AND PACIFIC GAS AND ELECTRIC COMPANY, A CORPORATION, FOR AN ORDER OF THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA AUTHORIZING THE FORMER TO SELL AND CONVEY AND THE LATTER TO PURCHASE AND ACQUIRE THE PROPERTIES REFERRED TO IN THE PETITION.

Application No. 9575.

Decided January 19, 1924.

C. P. Cutten, for Pacific Gas and Electric Company.

C. R. Downs, for himself and for Amador Electric Light and Power Company.

WHITTLESEY, *Commissioner*.

OPINION.

These two proceedings involve the transfer to the Pacific Gas and Electric Company of the public utility properties of Amador Electric Light and Power Company and of C. R. Downs, and the issue of \$165,000 of preferred stock and the assumption of the payment of \$60,000 of bonds by Pacific Gas and Electric Company in payment of such properties.

In Application No. 9574 the Commission is asked to make an order authorizing C. R. Downs, doing business under the firm names of Sutter and Amador Water Company, and Ione Water Company, to sell and transfer his public utility water properties to Pacific Gas and Electric Company, and authorizing Pacific Gas and Electric Company to purchase and acquire such properties and to issue \$65,000 of its preferred stock in payment therefor.

In Application No. 9575 the Commission is asked to authorize Amador Electric Light and Power Company, a corporation, to sell and transfer its properties to Pacific Gas and Electric Company, and to authorize Pacific Gas and Electric Company to purchase and acquire such properties and in payment to assume outstanding bonded indebtedness of \$60,000 and to issue \$100,000 of its preferred stock.

The record shows that C. R. Downs, under the firm name and style of Sutter and Amador Water Company, is engaged in distributing water in the cities of Sutter Creek and Amador City, and, under the firm name and style of Ione Water Company, in the town of Ione, all in Amador County. Water is purchased from Pacific Gas and Electric Company and delivered to approximately 225 consumers in Sutter Creek, 75 in Amador City and 184 in Ione. For the year ending December 31, 1922, C. R. Downs reports gross revenues from both systems at \$12,579.60, operating expenses, including depreciation, at \$10,858.50, other deductions as \$213.42 and net income as \$1,507.68. For the ten months ending October 31, 1923, gross revenues are reported as \$10,333.38, operating expenses, including depreciation, as \$9,778.81, other deductions as \$20.50, leaving net income of \$534.07.

It appears that on December 5, 1923, C. R. Downs and Pacific Gas and Electric Company entered into an agreement, a copy of which is attached to Application No. 9574, by the terms of which C. R. Downs agreed, among other things, to sell and convey the water properties referred to herein to Pacific Gas and Electric Company, free and clear of all liens and encumbrances except the lien of taxes for the fiscal year commencing July 1, 1923, in consideration for the delivery to him of 650 shares (\$65,000 par value) of the preferred stock of Pacific Gas and Electric Company.

It appears that Amador Electric Light and Power Company was organized on or about April 12, 1909, and is engaged in supplying electric energy, which it purchases from Pacific Gas and Electric Company, for light, heat and power in Jackson, Sutter Creek, Amador City, Drytown and Ione, serving approximately 1090 consumers. For the year ending December 31, 1922, the company reports gross revenues of \$49,114.77, operating expenses of \$34,460.78, other deductions of \$4,436.22, and net revenues of \$10,217.77. For the nine months ending September 30, 1923, it reports gross revenues of \$33,040.89, operating expenses of \$25,168.51, other deductions of \$3,316.23 and net revenues of \$4,556.15. As of September 30, 1923, the company reports outstanding \$60,000 of first mortgage 6 per cent bonds due December 1, 1930, and \$90,000 of stock. It has agreed to sell its properties to Pacific Gas and Electric Company. The purchasing company has agreed to assume the payment of the \$60,000 of bonds of Amador Electric Light and Power Company and issue as an additional consideration for the properties \$100,000 of its preferred stock to the selling corporation.

At the hearing applicants introduced some evidence on the value of the properties to be transferred. J. S. Ryan, valuation engineer of Pacific Gas and Electric Company, introduced as applicant's Exhibit No. 1 a summary of an appraisal made by him of the properties of C. R. Downs, in which he estimates the cost new as of January 1, 1913, plus the cost of additions and betterments to September 30, 1923, as \$72,776. The value of the properties of Amador Electric Light and Power Company is estimated by applicants at \$190,697.52. This figure is based on an appraisal made by the Commission's engineering department in 1918, at which time the reproduction cost was estimated as \$150,977. Adding additions and betterments and the cost of materials on hand on September 30, 1923, results in the total of \$190,697.52 as of September 30, 1923.

The properties to be transferred are situated in territory contiguous to that served by Pacific Gas and Electric Company. It appears that both C. R. Downs and Amador Electric Light and Power Company receive their water and electric energy sold from Pacific Gas and Electric Company, and that the systems are in fact interconnected so that the Pacific Gas and Electric Company can readily operate the properties it proposes to purchase in connection with those it now owns. It is thought that the purchaser will be better able to serve the public because of its more complete organization and greater resources.

I herewith submit the following form of order:

ORDER.

Application having been made to the Railroad Commission for an order authorizing the transfer of properties and the issue of stock and assumption of indebtedness, a public hearing having been held and the Railroad Commission being of the opinion that the application should be granted as herein provided, and that the money, property or labor to be procured or paid for through the issue of stock and assumption of indebtedness is reasonably required for the purposes specified herein, and that the expenditures for such purposes are not in whole or in part reasonably chargeable to operating expenses or to income;

It is hereby ordered, that C. R. Downs, operating under the firm name and style of Sutter and Amador Water Company and under the firm name and style of Ione Water Company; and the Amador Electric Light and Power Company be and they are hereby authorized to sell and convey their properties described in the above entitled applications to Pacific Gas and Electric Company, subject to the terms and conditions of the agreements of December 5, 1923, referred to in the foregoing opinion.

It is hereby further ordered, that Pacific Gas and Electric Company be and it is hereby authorized to acquire such properties and in payment to assume the outstanding bonded indebtedness of Amador Electric Light and Power Company, not to exceed \$60,000, and to issue \$165,000 of its first preferred stock, all as set forth in the agreements of December 5, 1923.

The authority herein granted is subject to further conditions as follows:

1. The consideration which Pacific Gas and Electric Company is herein authorized to pay for said properties, or the valuations submitted, shall not be binding upon the Commission as a basis of value for fixing rates or for any purpose other than the transfer herein authorized.

2. Pacific Gas and Electric Company, within thirty days after accepting conveyance of the properties of C. R. Downs and Amador Electric Light and Power Company, shall file with the Commission a certified copy of each deed of conveyance.

3. Pacific Gas and Electric Company shall keep such record of the issue and delivery of the stock herein authorized as will enable it to file, within thirty days after such issue and delivery, a verified report as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

4. The authority herein granted will become effective when Pacific Gas and Electric Company has paid the fee prescribed by section 57 of

the Public Utilities Act, which fee is \$60, and will expire on April 30, 1924.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this nineteenth day of January, 1924.

DECISION No. 13065.

PACIFIC PORTLAND CEMENT COMPANY, CONSOLIDATED,
A CORPORATION,

vs.

SOUTHERN PACIFIC COMPANY, A CORPORATION.

Case No. 1730.

Decided January 19, 1924.

RATES—STEAM RAILROAD—REPARATION DURING FEDERAL GUARANTY PERIOD.—

Southern Pacific Company is ordered to pay to Pacific Portland Cement Company, Consolidated, amounts with interest, equal to the difference between a rate of 60 cents a ton against shipments of crude lime rock moved from Flint to Tolenas during the federal guaranty period, March 1, 1920, to August 31, 1920, both dates inclusive.

Sanborn and Roehl and DeLancey C. Smith, by H. H. Sanborn, and Jas. A. Keller,
for Complainant.

Elmer Westlake, H. W. Klein and V. S. Andrus, for Southern Pacific Company.

BY THE COMMISSION.

OPINION.

In this proceeding the Pacific Portland Cement Company, Consolidated, a corporation, filed March 1, 1922, a complaint with the Railroad Commission against the Southern Pacific Company, a corporation, alleging that the rate of 70 cents per ton from March 1, 1920, to and including August 25, 1920, and the rate of 90 cents per ton from August 26, 1920, to and including August 31, 1920, for the transportation of crude lime rock from Flint to Tolenas, were excessive, unjust and unreasonable and in violation of section 13 of the Public Utilities Act in so far as the rates exceeded 50 cents per ton. Reparation only is asked.

A preliminary hearing was held July 15, 1922, before Examiner Eddy, at which time no testimony as to the reasonableness of the rates was submitted, it being stipulated that this case, as to the reasonableness of the rates, could be decided upon the record made in Case No. 1447, which proceeding involved the same rate situation.

The shipments moved during the time commonly known as the guaranty period, as set forth in an act of the Senate and House of Representatives—Transportation Act, 1920. It was further stipulated

at the hearing July 15, 1922, that the decision rendered by this Commission in Case No. 1864, *California Packing Corporation vs. Southern Pacific Company et al.*, involving the jurisdiction of this Commission during the guaranty period, would be controlling on the jurisdictional question.

Under date November 21, 1923, by Decision No. 12843, this Commission announced it had jurisdiction over reparation awards involving intrastate transportation during the guaranty period and ordered the defendants in Case No. 1864 and the associated cases to pay certain reparation amounts. The defendant filed a petition for a rehearing, which petition was denied by Decision No. 12976 on December 31, 1923.

The awarding of reparation in the instant proceeding is now before us on its merits as to the reasonableness of the rates without further consideration of the question of jurisdiction.

A second hearing in this case was conducted October 10, 1923, before Examiner Geary. At that hearing there was no testimony on the reasonableness of the rates, it being stipulated between the parties that the record in Case No. 1665, involving these rates between the same points, would control.

The complainant is a corporation engaged in the quarrying and sale of rock and in the manufacture and sale of cement. Complainant built its cement plant in 1902 at Cement, California, located on the line of the Cement, Tolenas and Tidewater Railroad, two miles from Tolenas. The lime rock deposit at the mill became exhausted and complainant developed lime rock quarries seven miles from Flint, on the American River, and built the Mountain Quarries Railroad from the junction point of the Southern Pacific at Flint to the quarries. All of the historical facts of the development of the quarries are referred to in this Commission's Decision No. 8962 in Case No. 1447, 19 C. R. C. 864. In Case No. 1447 this complainant called into question the rates on crude lime rock from Flint to Tolenas, attacking the reasonableness thereof, and by our Decision No. 8962, May 12, 1921, we dismissed the complaint, having found a 70-cent per ton rate on crude lime rock from Flint to Tolenas to be not unreasonable. The decision rendered May 12, 1921, was upon the record submitted August 26, 1920, and we then recommended that a rate of 70 cents per ton would be reasonable after September 1, 1920, the end of the government guaranty period. We also recommended that reparation be paid against any shipments at a rate higher than 70 cents per ton moving after September 1, 1920. The recommendations of this Commission made in Case No. 1447 were not complied with, and Case No. 1665 was instituted.

As heretofore stated, the record in Case No. 1665 was stipulated into the instant proceeding. This case required twelve days of hearings and

resulted in 874 pages of transcript. The complainant filed 45 exhibits, the defendants 26 and the interveners 8. A showing was made of the volume of the tonnage of lime rock handled from Flint to Tolenas, revenue per gross ton mile, revenue per ton per mile, earnings per car mile, comparisons of freight rates on cement with other commodities, average car mile earnings, gross freight revenue per car, train operating costs, photographs, maps and diagrams of the curvatures and grades, statistics concerning loaded and empty cars, the volume of traffic on the system, operating expenses and ratios, cost of maintenance of single and double tracks, locomotive costs, fuel, locomotive and car repairs, and mountain haul as compared with valley, etc.

Following submission of Case No. 1665, March 15, 1922, and after initial briefs had been filed, the parties entered into informal conference, which resulted in the establishment, on March 8, 1923, of a rate of 50 cents per ton on crude lime rock moved from Flint to Tolenas, and also in acceptance of reparation to the basis of 60 cents per ton against shipments moved September 1, 1920, to July 1, 1922, this latter being the date when the rate was reduced from 70 cents to 60 cents.

This Commission, in its Informal Docket I. C. 27165, authorized reparation to the basis of 60 cents per ton on all shipments moving from September 1, 1920, to and including July 12, 1921, during which time the rate was 90 cents, and for the period July 13, 1921, to June 30, 1922, when the rate was 70 cents per ton. Case No. 1665 was dismissed May 15, 1923, by Decision No. 12085.

The complainant relied to a great extent upon the fact that the rate of 50 cents per ton was enjoyed for many years and that improvements costing large sums of money were made at the quarry near Flint, dependent upon this rate.

The rate of 50 cents per ton was originally established October 9, 1910; became 70 cents June 25, 1918, by General Order No. 28; 90 cents per ton August 26, 1920, by *Ex parte* No. 74; was reduced July 13, 1921, to 70 cents; July 1, 1922, to 60 cents, and is now 50 cents per ton, established March 8, 1923.

We can find no basis in this record justifying as reasonable a rate of fifty (50) cents per ton during the federal guaranty period, March 1, 1920, to August 31, 1920, inclusive, for the transportation of lime rock from Flint to Tolenas. The distance between these points is 72 miles, making a 50-cent rate equivalent to 6.944 mills per ton per mile.

Upon careful consideration of all the testimony, exhibits and briefs filed in cases Nos. 1447 and 1665, and reconsidering our Decision No. 8962, in Case No. 1447, and the further fact that the defendant voluntarily made reparation back to September 1, 1920, to the basis of 60 cents per ton, we are of the opinion and find that complainant should be paid reparation to the basis of 60 cents per ton on all of the ship-

ments moved during the federal guaranty period from March 1, 1920, to and including the thirty-first day of August, 1920, against claims not extinguished by the statute of limitation, at time this proceeding was filed.

ORDER.

This case being at issue upon complaint and answers on file, having been duly submitted by the parties, full investigation of the matters and things involved having been had, the Commission being fully advised in the premises, and basing its order on the findings of fact contained in the opinion which precedes this order;

It is hereby ordered, that the above named defendant be and it is hereby authorized and directed to pay unto complainant, Pacific Portland Cement Company, Consolidated, amounts, with interest, equal to the difference between the charges paid and those that would have accrued on the basis of a rate of sixty (60) cents per ton against the shipments of crude lime rock moved from Flint to Tolenas during the federal guaranty period, March 1, 1920, to August 31, 1920, both dates inclusive. This shall not apply to shipments for which payments were made more than two years prior to the filing of this complaint.

Dated at San Francisco, California, this nineteenth day of January, 1924.

C. L. SEAVEY,
IRVING MARTIN,
EGERTON SHORE,
J. T. WHITTLESEY,
Commissioners.

DISSENTING OPINION BY COMMISSIONER BRUNDIGE.

There is no disagreement among the members of the Commission on the proposition that the complainant is entitled to reparation during the federal guaranty period. My dissent from the conclusions entertained by the majority runs only to the extent of such reparation.

In my opinion the complainant has completely proved that it is entitled to reparation upon all shipments of rock moved at a rate in excess of 50 cents a ton from March 1, 1920, to and including August 25, 1920. From August 26 to August 31, both inclusive, reparation should be made upon the basis of shipments moved at a rate in excess of 60 cents a ton.

Notwithstanding the fact that this Commission in Decision No. 8962, decided May 12, 1921, held that 70 cents a ton was not an unreasonable rate, it seems in view of the later testimony in Case No. 1665 and of the subsequent voluntary action on the part of the defendant in granting reparation on the basis of 60 cents a ton on all shipments after

September 1, 1920, that the Commission was in error in its conclusion in Decision No. 8962, and that the reasonable rate for such shipments from September 1, 1920, to July 1, 1922, in fact must have been 60 cents per ton.

This conclusion seems to be sustained by the evidence in Case No. 1665, which was by stipulation made part of the record in this proceeding. I also feel that the Commission is justified in placing great weight upon the voluntary action of the defendant in agreeing to pay reparation upon the basis of 60 cents a ton. This I deem to be an admission upon the part of the defendant that it was of the opinion that 60 cents was a fair and reasonable rate for the service at the time and under the circumstances existing when such service was rendered. Had the defendant not so believed, there would have existed no justifiable grounds for granting reparation upon that basis.

If 60 cents is to be held to be the fair and reasonable rate for the period covered by the reparation agreement, a conclusion which to my mind seems inescapable in view of all the facts, then such rate properly may be taken as the basis for determining what should have been a fair and reasonable rate during the federal guaranty period, which is the sole question involved in the instant proceeding.

August 26, 1920, just before the end of the federal guaranty period, there became effective by federal order an increase of 25 per cent in all freight rates. This increase was made for the purpose of enabling the railroads to pay the increase in wages previously awarded by the Federal Wage Board and other increased operating costs.

When the defendant voluntarily agreed to pay reparations on the basis of 60 cents a ton from September 1, 1920, to July 12, 1921, when the rate was 90 cents a ton, and from July 13, 1921, to June 30, 1922, when the rate was 70 cents a ton, there was included as a component part of the rates so reduced the 25 per cent increase granted for the purpose of paying the increased labor and other charges. If 60 cents a ton was a reasonable rate after the 25 per cent increase to cover increased costs, then it follows that prior to such increase the reasonable rate should have been a figure, which, when increased by 25 per cent, would equal 60 cents per ton. Such figure is 48 cents. Had the complainant asked for reparation to the extent that the rate during the federal guaranty period exceeded this last figure, I am of the opinion, in view of all the facts and circumstances, that it justly would have been entitled to recover to such extent.

H. W. BRUNDIGE,
Commissioner.

DECISION No. 13066.

IN THE MATTER OF THE APPLICATION OF SACRAMENTO VALLEY
AND EASTERN RAILWAY FOR LEAVE TO SUSPEND SERVICE.

Application No. 9364.

Decided January 21, 1924.

Jesse H. Steinhart, for Applicant.*Wm. E. Colby*, for W. H. French, Receiver of Noble Electric Steel Company,
Protestant.

BY THE COMMISSION.

OPINION.

Sacramento Valley and Eastern Railway, a corporation, has petitioned the Railroad Commission for an order authorizing the suspension of operation over its line of railway alleging that practically all its business has been derived from the transportation of freight to and from the mine operated by the Shasta Zinc and Copper Company at Bully Hill; that the mine is no longer operating and that until such time as operation is resumed the operation of the railway will be conducted at a serious loss.

A public hearing on this application was conducted by Examiner Handford at San Francisco, the matter was duly submitted and is now ready for decision.

The line of railroad operated by applicant extends a distance of 14.46 miles from the station of Pitt, the junction with the line of the Southern Pacific Company, to Bully Hill, at which point are located the mines and plant of the Shasta Zinc and Copper Company. The mines and smelter of the Shasta Zinc and Copper Company have been shut down for a period exceeding six months and there is no immediate prospect of a resumption of activities, the pumps installed to free the mine from water having been disconnected and no employees, except caretakers, now remaining on the property. As a result of the cessation of the mining and smelter activity at Bully Hill, the tonnage to be transported has materially decreased and the revenue from transportation falls far short of meeting the actual cost of operation. Every economy has already been made in the limited operation heretofore given, the service rendered being by the use of a gasoline motor car operated daily and steam locomotives only being used when carload freight requires movement.

An exhibit presented by applicant shows the revenues and expenses for the ten months ending October 31, 1923, to be as follows:

Gross revenue	\$9,009 01
Operating expenses, including taxes.....	16,423 05
Deficit	\$7,414 04

The above amount shown as operating expenses includes no allowance for depreciation or interest on the investment in property used in the conduct of the line. If the line is to be continued in operation, some rehabilitation work will be immediately necessary, estimated by the president of the company to amount to approximately \$5,000.

The desired suspension of operation is opposed by the receiver of the Noble Electric Steel Company. This company owns a smelter at Heroult, a station between Pitt and Bully Hill. This company suspended operations at its smelter in January, 1919, and prior to such suspension had been shipping approximately 400 tons of ferro-alloy and 300 tons of iron ore per month. The plant has a capacity of from 100 to 150 tons output per day. There are located near the smelter large deposits of iron ore and lime rock, it being alleged that approximately 2,000,000 tons of iron ore is exposed at the present time and that the deposit is of great depth. The Noble Electric Steel Company has been under receivership for about four years and the receiver has recently been authorized by the federal court to enter into an option agreement with certain parties who propose to reopen and operate the smelter and the iron deposits. Such reopening of the mine and plant would not be feasible unless rail transportation as heretofore furnished by applicant was available, not only for the outbound shipments but also for the receipt of material and supplies for the operation of the smelter, it being estimated that the inbound tonnage of materials and supplies would be at least one-quarter of the amount of the outbound shipments. During the year 1922 a total of 67 cars of ore was forwarded from Heroult which returned a revenue of \$3,919. The shipments for the account of this protestant from January to November, 1923, inclusive, have been as follows:

Forwarded—		Revenue
2 cars lime refuse	-----	\$227 95
59 cars ore	-----	3,345 26
1 car machinery	-----	54 22
1 car transformers	-----	52 50
1 car charcoal	-----	92 26
Less carload shipments	-----	23 37
Received—		
Less carload shipments	-----	54 41
Total	-----	\$3,849 97
Monthly average	-----	\$350 00

It is apparent that the revenue to be received from the tonnage now available is not sufficient to defray the bare cost of train operation, to make any return on the capital investment or to provide for the rehabilitation expenditures which are now necessary. If the plans of the receiver of the protestant, Noble Electric Steel Company, for the

reopening of the smelter and mines at Heroult are successful and there is offered a tonnage in volume sufficient to provide revenue at least sufficient to meet the items of maintenance and operation, taxes and depreciation, the operation should be continued, but until the Commission is advised that there is traffic offering in sufficient quantity to meet the expense of the limited service heretofore operated the application for suspension of service should be granted pending further consideration upon proper representation and subsequent supplemental order of the Commission.

ORDER.

A public hearing having been held in the above entitled proceeding, the matter having been duly submitted and the Commission being now fully advised and of the opinion that the application has been justified and should be granted;

It is hereby ordered, that applicant, Sacramento Valley and Eastern Railway, be and the same hereby is authorized to suspend operation on its line of railway between the stations of Pitt and Bully Hill until further order of this Commission, such suspension to be made after five (5) days notice will have been given to the public by posting notices at the stations of Pitt, Heroult and Bully Hill.

The Commission expressly reserves the right to make such other and further orders in this proceeding as to it may seem necessary and proper, and to revoke or modify its order authorizing suspension of service when and if in its opinion the public convenience and necessity so require.

Dated at San Francisco, California, this twenty-first day of January, 1924.

DECISION No. 13076.

IN THE MATTER OF THE APPLICATION OF WESTERN STATES GAS AND ELECTRIC COMPANY, A CORPORATION, FOR AN ORDER AUTHORIZING THE ISSUE AND SALE OF SEVEN HUNDRED FIFTY THOUSAND DOLLARS PAR VALUE OF ITS COMMON STOCK.

Application No. 9588.

Decided January 23, 1924.

Chickering and Gregory, by *Allen L. Chickering*, for Applicant.

BY THE COMMISSION.

OPINION.

In this application Western States Gas and Electric Company asks permission to issue and sell at par for cash \$750,000 of its common stock for the purpose of liquidating outstanding indebtedness and financing the cost of additions and betterments.

As of September 30, 1923, Western States Gas and Electric Company reports its authorized and outstanding capital stock as follows:

Common -----	Authorized \$5,000,000	Outstanding \$3,231,500
Preferred -----	10,000,000	3,448,000
Total -----	\$15,000,000	\$6,679,500

Reports on file with the Commission show that the holders of the preferred stock have received dividends at the rate of 7 per cent per annum and the holders of the common stock, during the years 1918 to 1922, inclusive, at the rate of 2.25 per cent per annum. The testimony in this proceeding of Samuel Kahn, applicant's vice president and general manager, indicates that dividends on the common stock were suspended during 1923.

Applicant proposes to sell the stock for which application is now made, to Standard Gas and Electric Company, at par, for the purpose of financing the cost of additions and betterments and of paying outstanding indebtedness. As of September 30, 1923, it reports uncanceled construction expenditures of \$661,803.24 and it estimates that it will be called upon to expend \$1,766,550 for capital purposes during the period from October 1, 1923, to September 30, 1924, as shown in some detail in exhibits attached to Applications Nos. 9525 and 9647. The sum of the actual and estimated expenditures to which reference is made amounts to \$2,428,353.24. The decision in Applications Nos. 9525 and 9647 authorizes the issue of \$1,350,000 of bonds to pay, in part, the cost of such expenditures, leaving a balance of \$1,078,353.24. The proceeds from the \$750,000 of stock will be used to finance, in part, the cost of these additions and betterments or to pay indebtedness incurred in making such additions and betterments. On September 30, 1923, the company reported notes payable of \$62,863.02, accounts payable of \$571,119.24 and due Standard Gas and Electric Company, \$298,335.42.

While the Commission will authorize the issue of the \$750,000 of common stock at par, it is not to be understood that any determination was made of what equity, if any, is represented by the company's outstanding common stock.

ORDER.

Western States Gas and Electric Company, having applied to the Railroad Commission for permission to issue and sell \$750,000 of its common capital stock, a public hearing having been held before Examiner Fankhauser and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for through the issue and sale of such stock is reasonably required by applicant and that the application should be granted as herein provided;

It is hereby ordered, that Western States Gas and Electric Company be and it is hereby authorized to issue and sell at par for cash

\$750,000 of its common capital stock and to use the proceeds for the purpose of paying, in part, the cost of the additions and betterments to which reference is made in the foregoing opinion, or to pay indebtedness incurred because of the construction of such additions and betterments.

The authority herein granted is subject to further conditions as follows:

1. Western States Gas and Electric Company shall keep such record of the issue, sale and delivery of the stock herein authorized and of the disposition of the proceeds as will enable it to file on or before the twenty-fifth day of each month a verified report, as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

2. The authority herein granted will become effective upon the date of this order and will expire on April 30, 1924.

Dated at San Francisco, California, this twenty-third day of January, 1924.

DECISION No. 13080.

IN THE MATTER OF THE APPLICATION OF SAN JOAQUIN LIGHT AND POWER CORPORATION FOR AN ORDER AUTHORIZING THE RECLASSIFICATION OF ITS PREFERRED STOCK.

Application No. 9692.

Decided January 26, 1924.

Murray Bourne, for Applicant.

BRUNDIGE, Commissioner.

OPINION.

In this application San Joaquin Light and Power Corporation asks for an order authorizing it to reclassify its 6 per cent cumulative preferred stock so as to provide that the holders thereof shall receive dividends at the rate of 7 per cent per annum, instead of 6 per cent per annum, and that such dividends shall be cumulative only from and after December 1, 1923, instead of from and after January 1, 1917.

San Joaquin Light and Power Corporation was organized on or about July 19, 1910, and has an authorized capital stock of \$150,000,000, divided into 1,500,000 shares of the par value of \$100 each, and consisting of \$50,000,000 of common stock, \$25,000,000 of preferred stock and \$75,000,000 of prior preferred stock. As of November 30, 1923, the company reports outstanding \$11,000,000 of common stock, \$6,500,000 of preferred stock and \$7,545,900 of prior preferred stock, a total of \$25,045,900. In addition, it reports capital stock subscriptions of \$625,400. The preferred stock bears cumulative dividends at the rate of 6 per cent per annum and the prior preferred stock cumulative dividends at the rate of 7 per cent per annum.

Applicant reports its assets and liabilities on November 30, 1923, as follows:

<i>Assets.</i>	
Fixed capital	\$58,164,624 25
Reacquired securities	78,665 00
Subscribers to capital stock	479,773 44
Current assets:	
Cash	\$1,724,281 26
Notes receivable	616,951 49
Accounts receivable	962,570 96
Materials and supplies	1,584,677 55
Marketable securities	35,000 00
Miscellaneous	60,149 38
Total current assets	4,983,630 64
Sinking fund	361,202 27
Deferred debits:	
Debt discount and expense	\$1,743,888 99
Discount on stock	1,649,882 00
Other debits	241,396 04
Total deferred debits	3,635,167 03
Total assets	\$67,703,062 63
<i>Liabilities.</i>	
Capital stock:	
Prior preferred	\$7,545,900 00
Preferred	6,500,000 00
Common	11,000,000 00
Total capital stock	\$25,045,900 00
Capital stock subscriptions	625,400 00
Long term debt	32,423,000 00
Current liabilities:	
Accounts payable	\$486,862 37
Consumers' deposits	76,100 81
Dividends declared	228,536 11
Accrued liabilities	757,915 21
Total current liabilities	1,549,414 50
Deferred credits	138,811 68
Reserves	4,185,386 98
Capital surplus	373,917 50
Appropriated surplus	254,028 83
Corporate surplus	3,107,203 14
Total liabilities	\$67,703,062 63

The company reports that it suspended dividend payments on its preferred stock in 1914, and did not resume such payments until May, 1917, since which time regular dividends have been paid at the rate of 6 per cent per annum. It appears that the accumulated but unpaid dividends on the preferred stock on November 30, 1923, amounted to \$17.50 per share, or a total of \$1,137,500. The company proposes to pay in cash \$292,500 of the accumulated dividends, or a sum equal to \$4.50 per share, leaving \$845,000 or the equivalent of \$13 per share

unpaid. It will ask the preferred stockholders to cancel any and all claims to said \$845,000 of unpaid dividends, and in consideration of such cancellation provide that from and after December 1, 1923, the preferred stock bear cumulative dividends at the rate of 7 per cent per annum instead of 6 per cent per annum.

Applicant submitted evidence for the purpose of showing how much of an investment is represented by its preferred stock. The calculations submitted by applicant were based on the theory that applicant's surplus, \$3,107,203.14, was invested in property. Representatives of applicant, however, objected to transferring all of such surplus to "Surplus appropriated for additions and betterments." Since the hearing had on this application, applicant has offered to transfer from the \$3,107,203.14 of surplus, \$845,000 to account No. 251, "Surplus appropriated for additions and betterments." For the purpose of preserving and increasing the equity back of the preferred stock, applicant has further agreed that it will pay no dividends on its common stock unless its surplus, now reported at \$3,107,203.14, has been increased to an amount in excess of \$4,000,000, said \$4,000,000 to include the \$845,000 which applicant has agreed to transfer to "Surplus appropriated for additions and betterments."

The company should file with the Commission a duly and legally executed resolution of its board of directors, substantially in the form indicated in the order which follows this opinion.

I submit herewith the following form of order:

ORDER.

The Railroad Commission having been asked to make an order authorizing the San Joaquin Light and Power Corporation to reclassify its preferred stock, as indicated in the foregoing opinion, a public hearing having been held and the Railroad Commission being of the opinion that this application should be granted subject to the conditions of this order; therefore

It is hereby ordered, that San Joaquin Light and Power Corporation be and it is hereby authorized to amend its articles of incorporation so that its 6 per cent cumulative preferred stock will from and after December 1, 1923, bear cumulative dividends at the rate of 7 per cent per annum; provided, that all claims for \$845,000 of the accumulated dividends now unpaid upon such stock be canceled; and provided further, that within sixty (60) days after the date hereof, San Joaquin Light and Power Corporation file with the Commission a certified copy of a duly and legally executed resolution of its board of directors to the effect that it will not pay any dividends on its common stock unless and until the surplus reported to this Commission on November 30, 1923, at \$3,107,203.14 has, as a result of surplus earnings, been increased to an amount not less than \$4,000,000, and to the further effect that it

will not pay dividends on such common stock in an amount which will thereafter reduce such surplus to a sum less than \$4,000,000.

The authority herein granted is subject to further conditions as follows:

1. If applicant's stockholders authorize the amendment of its articles of incorporation, applicant shall, within thirty (30) days after its articles of incorporation have been amended, file with the Railroad Commission a certified copy of its amended articles of incorporation.

2. The authority herein granted will become effective upon the date hereof and will apply only to such amendment of applicant's articles of incorporation as may have been made on or before May 1, 1924.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this twenty-sixth day of January, 1924.

DECISION No. 13081.

IN THE MATTER OF THE APPLICATION OF THE ATCHISON, TOPEKA AND SANTA FE RAILWAY COMPANY, A CORPORATION, FOR AUTHORITY TO CONSTRUCT A SPUR TRACK ACROSS, IN AND ALONG THE COX FERRY COUNTY ROAD, NEAR MERCED, COUNTY OF MERCED, STATE OF CALIFORNIA.

Application No. 9471.

IN THE MATTER OF THE APPLICATION OF SOUTHERN PACIFIC COMPANY FOR AN ORDER AUTHORIZING THE CONSTRUCTION AT GRADE OF A SPUR TRACK ACROSS COX FERRY ROAD, IN THE VICINITY OF MERCED, COUNTY OF MERCED, STATE OF CALIFORNIA.

Application No. 9475.

Decided January 26, 1924.

Platt Kent, for Applicant, The Atchison, Topeka and Santa Fe Railway Company.
F. W. Mielke, for Applicant, Southern Pacific Company.
C. S. Woody, for Yosemite Portland Cement Company.

WHITTLESEY, Commissioner.

OPINION.

In Application No. 9471, The Atchison, Topeka and Santa Fe Railway Company asks permission to construct a spur track across the Cox ferry road in the vicinity of Merced at two locations for the purpose of serving the Yosemite Portland Cement Company's plant. In Application No. 9475, Southern Pacific Company asks permission to construct a spur track across the same Cox ferry road at a third location to serve the same industry.

Public hearings were held on these applications on December 7 and December 17, 1923, in San Francisco, it being stipulated by the interested parties that both matters be consolidated for the purposes of hearing and decision.

The industry for which the spur track service is sought in these applications is constructing a large cement mill adjacent to the Cox ferry road approximately two miles northwesterly from Merced. The tract of land on which the cement mill is being built has a frontage of approximately one-fourth mile on the easterly side of the Cox ferry road and extends easterly approximately one mile to the right of way of the Yosemite Valley Railroad. There has already been constructed a track connection to the Yosemite Valley Railroad along the northerly side of the cement company's property over which a portion of the raw material necessary in the manufacture of the cement will be received, these raw materials being shipped from a point in the mountains reached by the Yosemite Valley Railroad. The cement company desires, in addition to this track connecting with the Yosemite Valley Railroad, spur track connections with both the Santa Fe and the Southern Pacific for the purpose of shipping out its manufactured cement as well as for the purpose of shipping in fuel oil and miscellaneous supplies.

The Santa Fe proposes to serve the Yosemite Portland Cement Company's plant by constructing a spur track diverging from its main line immediately east of its crossing over the Cox ferry road, thence curving northerly and crossing the Cox ferry road about two hundred feet north of the main line crossing, thence extending along this county road near its westerly side to a point immediately south of the cement company's property, thence recrossing the road and entering the private property of the cement company.

The Southern Pacific's Oakdale branch parallels the Cox ferry road at this location and is located immediately west thereof. Both this branch of the Southern Pacific and the Cox ferry road cross the main line of the Santa Fe at grade approximately one mile south of the cement company's property. The crossing of the two railroads is protected by an interlocking plant. The Southern Pacific proposes to serve this industry by diverging from its Oakdale branch immediately north of the cement company's property, thence crossing the Cox ferry road and entering the industry's private property near its northwesterly corner. The board of supervisors of the county of Merced has granted franchises to both carriers for the construction of the tracks as above indicated.

The Cox ferry road is a north and south county road which carries only a moderate traffic. A check of this traffic taken for three days between the hours of 6 a.m and 6 p.m. by the interlocker towerman at the intersection of the main line of the Santa Fe with the Oakdale branch of the Southern Pacific, showed as follows:

Sunday	October 21, 1923	390 vehicles
Wednesday	October 24, 1923	356 vehicles
Sunday	October 28, 1923	318 vehicles

Railroad movements over the proposed spur tracks would, it is estimated, vary from two to four switches per day for each railroad. The cement company expects to produce approximately 2700 barrels or about twelve carloads per day.

Testimony was introduced by the Santa Fe to show that a serious effort has been made to endeavor to reach this industry without the construction of grade crossings; first, by endeavoring to acquire a right of way across the private property intervening between the cement company's plant and the Santa Fe's right of way but that this could not be purchased for any reasonable sum of money, and, second, by constructing the railroad along the easterly side of Cox ferry road but that due to the opposition on the part of the owners of the property fronting on the Cox ferry road the county has been unwilling to grant a franchise for a track on that side of the road. As an alternative the Santa Fe proposes the route indicated in its present application thereby crossing the Cox ferry road at two locations approximately one mile apart and following along on the westerly side of the highway the intervening distance. The Santa Fe estimates that under this plan the construction of this spur will cost approximately \$50,000. The Southern Pacific estimates that the spur track proposed by it will cost approximately \$8,000. Witness for Southern Pacific Company admits that no effort was made by that company to select a location which would minimize the total number of grade crossings necessary to give reasonable service to the plant of the Yosemite Portland Cement Company.

The transportation division of the Commission's engineering department submitted a plan (Commission's Exhibit No. 1), whereby service could be given to the industry by both of the railroads by the construction of only one grade crossing at a total estimated cost of approximately \$35,000. This plan, however, requires the joint use of approximately one mile of the Southern Pacific Oakdale branch between the crossing of that branch with the main line of the Santa Fe and a point immediately south of the cement company's property. This plan contemplates that such joint operation should be carried under full interlocking protection, controlled through the existing interlocking tower at the present railroad crossing. Such a plan of joint operation, however, does not appear to be acceptable to either carrier and particularly to the Southern Pacific whose branch track would be subjected to joint use. The failure of these carriers to willingly cooperate with one another in order to prevent the multiplicity of grade crossings and to reduce the public hazard is to be regretted but it does not appear just that the industry should be denied service altogether in this instance because of this attitude of the carriers.

It is clearly the Commission's duty to prevent the construction of unnecessary grade crossings. The evidence in this case clearly shows that both companies could give a reasonably adequate service to the industry over a single crossing located south of the plant but that adequate service over a single crossing located to the north could not be given, due to the fact that the topography of the land is such that the location suitable for the storage of fuel oil can be conveniently reached only by a spur from the south. It therefore appears that the Santa Fe has selected the preferable location for a crossing if only one crossing in the vicinity of the plant were to be permitted. Under the Santa Fe plan, however, a serious disadvantage exists, namely, that the construction and operation of a railroad immediately adjacent to a public vehicular roadway without any barrier between the road and the railroad would be particularly hazardous, especially in this case, as cars would be moved frequently ahead of the locomotive. Furthermore, because the track would curve across the road from a location so close to the road, the crossings themselves would have such an acute angle as to constitute a greater hazard than would exist if that portion of the track which would be parallel to the county road were located at a greater distance from the road.

If arrangements could be made for the Santa Fe to construct its track along and on the right of way of the Oakdale branch of the Southern Pacific and if further, the crossing proposed by the Santa Fe immediately south of the cement company's plant were made available for the joint use of the Southern Pacific, it would appear that adequate service for this industry could be given by both carriers with a materially lesser public hazard than under the plans proposed. This would be accomplished either by a joint use of the existing Southern Pacific track or by the construction of a new track parallel to the existing track. This arrangement would have the further advantage of making use of the existing fence between the county road and the Southern Pacific right of way to separate all the railroad traffic from the roadway traffic. If, however, the two railroads decline to cooperate even to this extent the only alternative left appears to be the granting of the application of the Santa Fe, with the provision that a fence be provided between the two proposed crossings of the Cox ferry road which will effectively separate the track from the vehicular roadway.

Although the order herein will authorize the Santa Fe to construct its crossings so as to connect with a track either on the county road or on the Southern Pacific's right of way, the Commission will expect the Santa Fe to make an earnest effort to obtain from the Southern Pacific the right to occupy its right of way.

The following form of order is recommended:

ORDER.

The Atchison, Topeka and Santa Fe Railway Company and Southern Pacific Company having made applications for the construction of certain spur tracks at grade across the Cox ferry road in the County of Merced, State of California, public hearings having been held, the Commission being apprised of the facts, the matters being under submission and ready for decision;

It is hereby ordered, that permission be and it is hereby granted The Atchison, Topeka and Santa Fe Railway Company to construct its spur track at grade across the Cox ferry road in the county of Merced, State of California, at two points substantially as requested in Application No. 9471, respectively located approximately 480 feet north of the southwest corner of section 13, township 7 south, range 13 east, to be hereinafter designated as Crossing No. 1, and 4510 feet north of the southwest corner of section 13, township 7 south, range 13 east, to be hereinafter designated as Crossing No. 2, said crossings to be constructed subject to the following conditions:

(1) The entire expense of constructing the crossings, together with the cost of their maintenance thereafter in good and first-class condition for the safe and convenient use of the public, shall be borne by The Atchison, Topeka and Santa Fe Railway Company.

(2) Said crossings shall be constructed of a width and type of construction to conform to those portions of said Cox ferry road now graded with the top of rails flush with the pavement, and with grades of approach not exceeding two (2) per cent; shall each be protected by a suitable crossing sign and shall in every way be made safe for the passage thereover of vehicles and other road traffic.

(3) An automatic flagman shall be installed and maintained for the protection of said Crossing No. 1 at the sole expense of The Atchison, Topeka and Santa Fe Railway Company; said automatic flagman to be of a type and installed in accordance with plans or data approved by the Commission.

(4) A substantial fence not less than four feet in height shall be provided and maintained between said Crossings No. 1 and No. 2, respectively, effectively separating the railroad track from the vehicular roadway along the Cox ferry road.

(5) The Atchison, Topeka and Santa Fe Railway Company shall, within thirty (30) days thereafter, notify this Commission, in writing, of the completion of the installation of said crossings.

(6) If said crossings shall not have been installed within one year from the date of this order, the authorization herein granted shall then

lapse and become void, unless further time is granted by subsequent order.

(7) This order is made upon the express condition that if by supplemental order herein the Commission shall direct that said Crossing No. 2 shall be jointly and equally used by Southern Pacific Company, said Atchison, Topeka and Santa Fe Railway Company will not interpose any objection of any nature whatsoever to such joint use of said Crossing No. 2 and the trackage adjacent thereto.

(8) The Commission reserves the right to make such further orders relative to the location, construction, operation, maintenance and protection of said crossings as to it may seem right and proper and to revoke its permission if, in its judgment, the public convenience and necessity demand such action.

It is hereby further ordered, that the above entitled Application No. 9475 of Southern Pacific Company be and it is hereby denied.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this twenty-sixth day of January, 1924.

DECISION No. 13086.

IN THE MATTER OF THE APPLICATION OF PAUL M. DOYLE TO SELL AND TRUCKEE ELECTRIC LIGHT AND POWER COMPANY, A CORPORATION, TO PURCHASE A POWER PLANT, AND TO ISSUE STOCK THEREFOR.

Application No. 9493.

Decided January 28, 1924.

Devlin and Brookman, by *Douglas Brookman*, for Applicants.

Prewett and Chamberlain, by *T. L. Chamberlain*, for citizens of Truckee, Protestants.

WHITTLESEY, Commissioner.

OPINION.

In this application, as amended at the hearing, the Railroad Commission is asked to make an order:

1. Authorizing Paul M. Doyle to sell and transfer a power plant consisting of certain real property, a dam, water wheels and certain water rights, to Truckee Electric Light and Power Company, a corporation, and

2. Authorizing Truckee Electric Light and Power Company to increase its capital stock and to issue to Paul M. Doyle, in payment for his power plant, \$25,000 of stock, or such other amount of stock as at par value would equal the estimated reasonable value of the power plant, and

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3. Authorizing Truckee Electric Light and Power Company to issue \$9,000 of stock to reimburse its treasury on account of surplus earnings invested in properties and to distribute such stock to its present stockholders and to issue and sell \$3,000 of stock at par for cash to pay for meters.

It appears that Truckee Electric Light and Power Company was organized on or about October 1, 1888, with an authorized capital stock of \$10,000, divided into 1000 shares of the par value of \$10 each, all shares being common, and that of this amount 900 shares of the aggregate par value of \$9,000 are outstanding. The record shows that the company now proposes to increase its authorized capital stock to \$60,000, divided into 6000 shares of the par value of \$10 each, all common.

Truckee Electric Light and Power Company is engaged in supplying electric energy for commercial and domestic purposes in Truckee, serving about 200 consumers. For the year ending December 31, 1921, it reported gross revenues of \$8,639.13, operating expenses of \$7,298.72 and net revenues for the year of \$1,340.41. For the year ending December 31, 1922, there were reported gross revenues of \$8,791.44, operating expenses of \$6,592.21, rent deductions of \$2,400 and loss for the year of \$200.77. The company reports assets and liabilities as of December 31, 1922, as follows:

<i>Assets.</i>	
Fixed capital	\$22,268 23
Cash	942 33
Materials and supplies	1,000 00
Total assets	\$24,210 56
<i>Liabilities.</i>	
Capital stock	\$9,000 00
Dividends declared	450 00
Corporate surplus unappropriated	14,760 56
Total liabilities	\$24,210 56

The record shows that the company does not own the generating plant from which it obtains its supply of electricity, but leases it from Paul M. Doyle, paying an annual rental of \$2,400, and in addition paying all maintenance and repair charges. It now being thought advantageous for the company to own the power plant, Paul M. Doyle has agreed to sell the property to the corporation for \$25,000 of stock, or such other amount of stock as the Commission may determine reasonable.

For the purpose of determining a reasonable price at which these properties may be transferred, Charles Grunsky, one of the Commission's assistant engineers, made an appraisal of the properties and introduced, as Commission's Exhibit No. 1, a valuation in which he

estimates the historical reproduction cost of such properties as \$10,775 and the historical reproduction cost, less depreciation, as \$8,836, exclusive of any allowance for lands and water rights. Applicants urge that the Commission give consideration to present value in determining the price at which the power plant might be transferred and allege that, with the inclusion of a proper allowance for water rights, not only the present value but also the historical reproduction cost of the properties will exceed \$28,000. Following the hearing and giving consideration to the testimony offered and evidence introduced, Mr. Grunsky revised his figures and determined the estimated historical reproduction cost of the power plant properties to be \$12,875 and the estimated historical reproduction cost, less depreciation, to be \$9,782.

Truckee Electric Light and Power Company has been giving a twelve-hour service only and on a flat rate basis. In Application No. 9499, which was heard at the same time as this proceeding, the company asked permission to establish meter rates for twenty-four-hour service. Testimony was introduced showing that there exists an optional source of power to Truckee Electric Light and Power Company, namely the high voltage line of Truckee River Power Company, which passes near Truckee. The advisability of utilizing such optional source of power and the resultant effect upon the value of the Doyle properties will depend upon whether the present power plant can adequately supply the demands placed upon it when continuous service under metered rates is undertaken. Under these conditions I believe that the request of Paul M. Doyle to sell and transfer his power plant and of Truckee Electric Light and Power Company to issue stock in payment therefor should be temporarily held in abeyance until the Commission has had time to observe the results of applicant's operations under continuous service conditions and it will therefore be unnecessary to make a finding of value of the power plant at this time.

Coming now to the request of Truckee Electric Light and Power Company to issue and sell \$3,000 of stock and to issue \$9,000 of stock in reimbursement of its treasury, the testimony herein shows that the \$3,000 of stock will be sold at par for cash and the proceeds used to purchase the meters it will be necessary to install under the order of the Commission in Application No. 9499, and that the \$9,000 of stock will be distributed to the present stockholders as a stock dividend.

The Commission can not of course authorize the issue of stock directly for the purpose of paying a dividend, but it can authorize the issue of stock for the purpose of enabling a utility to reimburse its treasury as provided in section 52 of the Public Utilities Act. After such reimbursement such stock may be distributed to the stockholders. An order authorizing a company to issue stock to reimburse its treasury requires

a determination of the sources from which the company has obtained the money expended. As of December 31, 1922, the company reported corporate surplus unappropriated at \$14,760.56, which, according to the testimony of the company's president, represents net surplus earnings which have been used to pay for properties. An analysis of the company's books of account indicates that while the figure representing corporate surplus unappropriated is substantially correct, it was built up in part because the company has never made any allowance in its operating expenses for depreciation. In my opinion the sum of \$3,000 should appear as a credit balance in a reserve fund for accrued depreciation account as of December 31, 1923. I therefore believe that this amount should be transferred from the corporate surplus account and set up in a reserve for accrued depreciation account, thus reducing the surplus available for distribution to \$11,760.56, an amount which is, however, in excess of the amount of stock proposed to be issued against such surplus.

The historical reproduction cost of the properties, plus materials and supplies and working cash capital, but exclusive of meters to be purchased, as determined in the concurrent proceeding, Application No. 9499, is \$18,165. This, less accrued depreciation of \$3,000, leaves a total of \$15,165. I do not believe the total of stock outstanding should exceed this amount, although the company's books show an apparent greater surplus. The stock issue to reimburse the treasury should be limited to \$6,000.

In my opinion the company may amend its articles of incorporation without permission from the Commission. It, however, can not issue any stock without first having obtained from the Commission an order authorizing the issue of stock.

I herewith submit the following form of order:

ORDER.

Application having been made to the Railroad Commission for an order authorizing P. M. Doyle to transfer property and Truckee Electric Light and Power Company to issue stock, a public hearing having been held and the Railroad Commission being of the opinion that the request of P. M. Doyle to transfer properties should be temporarily held in abeyance and that the request of Truckee Electric Light and Power Company to issue stock should be granted only as herein provided;

It is hereby ordered, that Truckee Electric Light and Power Company be and it is hereby authorized to issue \$9,000 of its capital stock.

The authority herein granted is subject to the following conditions:

1. Truckee Electric Light and Power Company may sell \$3,000 of the stock herein authorized at par for cash and use the proceeds for the purpose of acquiring and installing meters.

2. Truckee Electric Light and Power Company may issue \$6,000 of the stock herein authorized to reimburse its treasury on account of surplus earnings invested in properties.

3. Truckee Electric Light and Power Company shall keep such record of the issue, sale and delivery of the stock herein authorized and of the disposition of the proceeds as will enable it to file on or before the twenty-fifth day of each month a verified report as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

4. The authority herein granted will become effective upon the date of the transfer by the Truckee Electric Light and Power Company of the sum of \$3,000 from its surplus accounts to its reserve for accrued depreciation account and upon the filing by Truckee Electric Light and Power Company with the Commission of a certified copy of its articles of incorporation amended as indicated in the foregoing opinion. Such authority will expire on December 31, 1924.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this twenty-eighth day of January, 1924.

DECISION No. 13087.

IN THE MATTER OF THE APPLICATION OF TRUCKEE ELECTRIC LIGHT AND POWER COMPANY, A CORPORATION, TO ESTABLISH A SCHEDULE OF METER RATES.

Application No. 9499.

Decided January 28, 1924.

Devlin and Brookman, for Applicant.
Prewett and Chamberlain, for the Residents of Truckee.

WHITTLESEY, *Commissioner*.

OPINION.

This proceeding is an investigation into operating conditions of the Truckee Electric Light and Power Company, initiated upon an application of the company requesting that meter rates be established for a 24-hour service. The rates and service conditions of this company have until the present time never been before this Commission.

The Truckee Electric Light and Power Company was organized in the year 1888, and has since supplied a night lighting service on a flat rate basis in the town of Truckee. All energy is generated by a small hydro-electric plant located about one mile east of Truckee on the Truckee River. The dam, flume and turbine are leased from Paul M. Doyle,

the other necessary generating equipment being the property of the company. The generator, rated at 150 kilowatts, is driven by a turbine operating under a head of about 19 feet, rated in excess of 200 horsepower. Energy is stepped down from 2200 volts to 220 and 110 volts for distribution in the town of Truckee.

Hearing of the above application was held at Truckee on December 18, 1923, testimony being introduced and the matter submitted for decision. At the same time a hearing was held on a concurrent application covering the transfer to the company of the property now leased from Mr. Doyle and the issue of additional securities. The latter application will be the subject of a separate decision.

An estimate of historical reproduction cost of the properties of the company was introduced by Charles Grunsky, of the Commission's engineering department. There was also testimony by witnesses of the company, chiefly in regard to present day reproduction costs of certain portions of the property. None of this testimony was of such a nature as to cause any serious doubt of the substantial accuracy of Mr. Grunsky's appraisal on the historical cost basis.

The following table gives the valuation of the properties as appraised by Mr. Grunsky:

TABLE NO. 1.

*Historical Reproduction Cost Appraisal Truckee Electric Light and Power Company,
Exclusive of Leased Property, October 31, 1923.*

Land	None
Power plant building and general structures.....	\$5,143 00
Power plant equipment.....	3,355 00
Poles and fixtures.....	2,970 00
Overhead system	1,386 00
Transformers and L. D.....	3,361 00
Services (included with overhead system).....	-----
Total.....	\$16,215 00

As there can be no doubt of the reasonableness of the above appraisal of the company's property, the amount \$16,215 will be used in the determination of a rate base for 1924. To this figure must be added a reasonable amount for organization expense and for the capital required to install meters, as well as a reasonable amount for materials and supplies kept on hand for operating purposes and an allowance for working cash capital.

No testimony was introduced as to organization expense, though undoubtedly such an expense existed. An allowance of \$300 will be made for this item. Mr. Grunsky estimates the capital investment necessary for installing necessary meters to be \$3,000, and this amount will be used. It appears that an allowance of \$750 for materials and supplies for operating purposes will be reasonable. The determination of a reasonable allowance for working cash capital in the absence of

actual experience by this company under metered schedule of rates is somewhat difficult, but an allowance of \$900 is deemed reasonable.

The following table gives the summation of the items entering into the rate base for 1924, as used in this decision:

TABLE No. 2.

Summation of Items Entering Into Rate Base for Year 1924.

Organization	\$300 00
Physical properties	16,215 00
Meters	3,000 00
Materials and supplies	750 00
Working cash capital	900 00
Total for 1924 rate base	\$21,165 00

This utility is a small company, financed through the sale of stock. The market for its stock is very limited but, on the other hand, its financial requirements are small. After due consideration the Commission believes that a net return of eight (8) per cent is reasonable.

The company has never set aside any depreciation annuity, though naturally such depreciation has accrued. Mr. Grunsky used in his exhibit an allowance for depreciation annuity on the six (6) per cent sinking fund basis of \$600, which amount appears reasonable and will be used. This allowance is being made for the specific purpose of protecting the utility and its service to future consumers against the inevitable deterioration of its system. Money collected from consumers for this purpose should not be diverted to other uses and the order accompanying this decision will provide that the company account to a proper reserve for this annuity and for the interest upon the accumulated reserve which must supplement the annuities if they are to be adequate.

Operating expenses may reasonably be expected to be somewhat higher in the future than in the past, on account of the increased operation of the generating plant and the cost of reading and maintaining meters, calculating bills, etc. Estimates of future operating expenses were submitted by both Mr. Doyle and Mr. Grunsky. After a careful study of both estimates it appears that the amounts set forth in the following table are reasonable and will be used as our estimate for 1924 operating expense:

TABLE No. 3.

Estimated Reasonable Operating Expenses Truckee Electric Light and Power Company, Year 1924.

Lease of hydro plant	\$1,200 00
Salaries and other expenses, exclusive of depreciation	7,700 00
Total	\$8,900 00

Considering the amounts already found reasonable for operating expenses and depreciation, we may build up the total gross revenue

reasonably necessary to yield a fair rate of return upon the operative capital, as shown in Table 4 following:

TABLE NO. 4.

Reasonable Gross Operating Revenue for Year 1924, Truckee Electric Light and Power Company.

Rate base—Table No. 2-----	\$21,165 00
Return at 8 per cent-----	1,693 00
Depreciation -----	600 00
Total reasonable net revenue-----	\$2,293 00
Operating expenses—Table No. 3-----	8,900 00
Total reasonable gross revenue-----	\$11,193 00

Operating revenue reported for the year 1922 is not quite \$9,000, and it is clear that such a revenue in connection with a 24-hour metered service would by no means result in an excessive return. As before pointed out service is now supplied at night only and entirely upon a flat rate basis. It is, therefore, impossible to predict with exactness the use of energy that will follow the institution of 24-hour service, the contemplated improvements in service and the installation of meters. The meter rates now fixed are accordingly of a somewhat experimental nature, but are found not unreasonable to the public by comparison with the rates in effect elsewhere in the state. Should the results of operation under these rates prove the necessity for later change, such corrections as are justified by the quality of service supplied and the revenue received may be made when the practical effect of the changes now being made is established.

I recommend the following form of order:

ORDER.

Truckee Electric Light and Power Company having applied to the Railroad Commission for an order establishing meter rates for electric service, a public hearing having been held, the matter submitted and being now ready for decision, the Railroad Commission hereby finds as a fact that the rates hereinafter set forth are just and reasonable rates to be charged by Truckee Electric Light and Power Company for substantially continuous service.

Basing its order on the foregoing finding of fact and on the findings of fact in the opinion preceding this order;

It is hereby ordered, that—

1. Truckee Electric Light and Power Company is hereby authorized to charge and collect for electric service the rates set forth in Exhibit "A" attached hereto and made a part hereof, such rates to be filed with this Commission on or before February 20, 1924, and to become effective

with bills based upon regular monthly meter readings taken on and after March 1, 1924, under the following conditions:

(a) Such rates shall not become effective until substantially continuous day and night service shall have been supplied for at least one month.

(b) For the first month after the installation of a meter upon the service of any consumer theretofore charged upon flat rates, the bill shall be calculated upon both the flat rate and the meter rate, the consumer shall be notified of both amounts and shall be required to pay only the smaller amount.

2. Each year, beginning with the calendar year 1924, Truckee Electric Light and Power Company account to its reserve for accrued depreciation for an annuity calculated in accordance with the principles followed in the opinion preceding this order, and also for interest at the rate of six (6) per cent per annum upon the balance of the reserve for accrued depreciation upon the first day of each year.

3. That the effective date of this order be March 1, 1924.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this twenty-eighth day of January, 1924.

EXHIBIT "A."

SCHEDULE L-1.

(Canceling Schedules A and B.)

General Lighting Service.

Applicable to general domestic and commercial lighting service, including household appliances and single-phase motors not exceeding one horsepower total capacity.

Rate.

First	5 k.w.h. or less per meter per month-----	\$1 25
Next	45 k.w.h. per meter per month-----	10 per k.w.h.
Next	150 k.w.h. per meter per month-----	68 per k.w.h.
Next	300 k.w.h. per meter per month-----	66 per k.w.h.
All over	500 k.w.h. per meter per month-----	64 per k.w.h.

At the option of the company small cottages and temporary residences may be billed at the flat rate of \$1.25 per month, payable in advance.

SCHEDULE C-1.

General Heating and Cooking Service.

Applicable to general domestic and commercial heating, cooking, and/or water heating service.

Rate.

First	150 k.w.h. per meter per month-----	\$0 05 per k.w.h.
All over	150 k.w.h. per meter per month-----	02 per k.w.h.

Minimum Charge.

First	5 k.w. or less of connected load-----	4 00 per month
All over	5 k.w. of connected load, per k.w.-----	75 per month

Special Conditions.

Connected load will be taken as the name plate rating of heating and cooking apparatus permanently installed and which may be connected at any one time, calculated to the nearest one-tenth of a kilowatt.

SCHEDULE C-2.

Combination Domestic Service.

Applicable to combination domestic lighting, heating, cooking and small power service, where consumer installs and uses appliances other than lamp socket devices of at least 2 k.w. capacity.

Rate.

First	30 k.w.h. per meter per month.....	\$0 11 per k.w.h.
Next	150 k.w.h. per meter per month.....	05 per k.w.h.
All over	180 k.w.h. per meter per month.....	02 per k.w.h.

Minimum.

First	5 k.w. or less of connected load.....	4 00 per month
All over	5 k.w. of connected load, per k.w.....	75 per month

Special Conditions.

Connected load will be taken as the name plate rating of heating and cooking apparatus permanently installed and which may be connected at any one time calculated to the nearest one-tenth of a kilowatt.

SCHEDULE P-1.

General Power Service.

Applicable to general, commercial and industrial power service.

Rate.

First	50 k.w.h. per h.p. of connected load.....	\$0 05 per k.w.h.
All over	50 k.w.h. per h.p. of connected load.....	03 per k.w.h.

Minimum.

\$1.50 per h.p. per month but not less than \$3.00 per month.

DECISION No. 13088.

IN THE MATTER OF THE APPLICATION OF SIDNEY SMITH, DOING BUSINESS UNDER THE FICTITIOUS NAME OF HOME GARDENS WATER COMPANY, FOR AN ORDER, AUTHORIZATION, PERMISSION AND CERTIFICATE OF PUBLIC CONVENIENCE, PERMITTING, AUTHORIZING AND ALLOWING THE SAID SIDNEY SMITH UNDER THE NAME OF HOME GARDENS WATER COMPANY, TO FURNISH AND DELIVER WATER TO THE PUBLIC.

Application No. 9568.

Decided January 28, 1924.

P. E. Davis and *L. E. Dadmun*, by *L. E. Dadmun*, for Applicants.
E. W. Bush, for Home Gardens Improvement Association.

BY THE COMMISSION.

OPINION.

In the above entitled application Sidney Smith, operating under the fictitious name of Home Gardens Water Company, asks authority to distribute and sell water for domestic purposes to residents of Home Garden Acres, being tracts Nos. 4707, 4987, 5248, 5280, 5772 and 6666, in Los Angeles County. The Commission is also asked to establish rules and regulations and to permit the collection of the following schedule of rates for service rendered:

Monthly Flat Rate.

For $\frac{3}{4}$ -inch service connection..... \$1 50

Monthly Meter Rate for Five-eighths and Three-fourths Inch Meter.

500 cubic feet or less.....	1 00
From 500 to 1000 cubic feet, per 100 cubic feet.....	20
From 1000 to 2000 cubic feet, per 100 cubic feet.....	15
All over 2000 cubic feet, per 100 cubic feet.....	10

A public hearing in the matter was held before Examiner Williams at Los Angeles, after due notice thereof had been given so that all interested parties might appear and be heard.

The testimony shows that this water system was installed to aid in the sale of lots in the Home Gardens Tract, through an agreement between Sidney Smith and the J. D. Millar Realty Company. The contracts delivered to purchasers of lots contained a clause providing for free service of water up to July 1, 1923, and the installation of the necessary service connection at the expense of the consumer. Subsequent to July 1, 1923, applicant acquired and has since operated this water system and has attempted to charge for water service at the same rate as requested in the application. At the present time water is served to approximately 683 consumers and it is the desire of applicant to carry on the business as a public utility, and make charges for water delivered in accordance with the rate schedule set out in the application and under rules and regulations prescribed by the Railroad Commission.

Applicant testified at the hearing that a full return upon the investment is not now expected, and an examination of the proposed schedule indicates that the rates set out therein are in many respects lower than the charges made by other utilities operating in the immediate vicinity and under like conditions. The rules and regulations contained in the application do not conform in all respects to the general practices of the Commission, but this matter may be settled informally, as provided for in the accompanying order.

The testimony submitted by some of the consumers on the system indicates that inadequate service has been rendered in some instances. Applicant stated that no complaints had been received, and expressed a willingness to make any changes in the system necessary to provide adequate service to all consumers.

No other utility is supplying water in this territory, and no one appeared to protest the issuance of a certificate of public convenience and necessity. It appears that the application should be granted.

ORDER.

Sidney Smith, operating under the fictitious name of Home Gardens Water Company, having made application to the Railroad Commission as entitled above, a public hearing having been held thereon, the matter having been submitted, and the Commission being now fully informed in the matter:

The Railroad Commission of the State of California hereby declares that public convenience and necessity require and will require that Sidney Smith, doing business under the fictitious name of Home Gardens Water Company, operate a public utility to supply water for

domestic purposes in the tract of land known as Home Garden Acres Tract, more particularly described as tracts 4707, 4987, 5248, 5280, 5772 and 6666, In Los Angeles County.

It is hereby ordered, that Sidney Smith, doing business under the fictitious name of Home Gardens Water Company, be and he is hereby authorized to file with this Commission within twenty (20) days from the date hereof the following schedule of rates to be charged for all water delivered to consumers subsequent to February 29, 1924:

Monthly Flat Rate.

For service from a $\frac{3}{4}$ -inch connection----- \$1 50

Monthly Meter Rate.

500 cubic feet or less-----	1 00
From 500 to 1000 cubic feet, per 100 cubic feet-----	20
From 1000 to 2000 cubic feet, per 100 cubic feet-----	15
All over 2000 cubic feet, per 100 cubic feet-----	10

It is hereby further ordered, that Sidney Smith, doing business under the fictitious name of Home Gardens Water Company, be and he is hereby directed to file with this Commission within thirty (30) days from the date of this order rules and regulations to govern relations with consumers, such rules and regulations to become effective upon their acceptance by this Commission.

Dated at San Francisco, California, this twenty-eighth day of January, 1924.

DECISION No. 13091.

IN THE MATTER OF THE APPLICATION OF R. H. RASMUSSEN, J. C. SVANE AND FRED LUDEKENS FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY TO OPERATE AN AUTOMOBILE TRUCK LINE AS A TRANSPORTATION COMPANY FOR THE CARRYING OF FREIGHT BETWEEN SAN FRANCISCO AND OAKLAND, CALIFORNIA, ON THE ONE HAND, AND CROCKETT, PORT COSTA AND MARTINEZ, CALIFORNIA, ON THE OTHER HAND.

Application No. 9149.

IN THE MATTER OF THE APPLICATION OF R. H. RASMUSSEN AND J. C. SVANE FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY TO OPERATE AN AUTOMOBILE TRUCK LINE AS A TRANSPORTATION COMPANY FOR THE CARRYING OF FREIGHT BETWEEN SAN FRANCISCO, OAKLAND, BERKELEY, ALAMEDA, PIEDMONT, EMERYVILLE, FRUITVALE AND MELROSE, CALIFORNIA; ALSO BETWEEN OAKLAND AND SAN JOSE, CALIFORNIA, AND THE INTERMEDIATE POINTS OF SAN LEANDRO, HAYWARDS, NILES, CENTERVILLE, IRVINGTON, WARM SPRINGS, MILPITAS AND WAYNE.

Application No. 9150.

IN THE MATTER OF THE APPLICATION OF R. H. RASMUSSEN, J. C. SVANE AND FRED LUDEKENS, COPARTNERS DOING BUSINESS

UNDER THE FICTITIOUS NAME AND STYLE OF SAN FRANCISCO-MARTINEZ EXPRESS COMPANY, AND OF R. H. RASMUSSEN AND J. C. SVANE, COPARTNERS DOING BUSINESS UNDER THE FICTITIOUS NAME AND STYLE OF SANTA FE EXPRESS AND DRAYAGE COMPANY, TO MAKE PERMANENT CERTAIN TEMPORARY CERTIFICATES AND FOR PERMISSION TO ABANDON CERTAIN SERVICE AND TO TRANSFER AN OPERATIVE RIGHT.

Application No. 9360.

Decided January 28, 1924.

Harry A. Encell, James A. Miller, Myron Harris and Henry G. Tardy, for Applicants.
L. N. Bradshaw, for Southern Pacific Company.
Walter H. Robinson, for Pioneer-Gibson Express and Highway Transport Company.
A. B. Tinning, District Attorney of the county of Contra Costa.
Gwyn H. Baker, for Oakland-San Jose Transport Company.

BY THE COMMISSION.

OPINION.

The above entitled applications are for permission to make permanent certain temporary certificates heretofore issued by the Railroad Commission of the State of California, to abandon certain service rendered between Oakland and San Jose under temporary certificate and to transfer an operative right between San Francisco and Oakland and Martinez, Port Costa and Crockett.

A public hearing was held before Examiner Satterwhite on November 26, 1923, at San Francisco, at which time the matters were submitted and they are now ready for decision.

Under Decision No. 12268 in Application No. 9150, dated June 25, 1923, R. H. Rasmussen, J. C. Svane, copartners, were granted a temporary certificate of public convenience and necessity authorizing the operation of an automotive truck line as a common carrier of freight between San Francisco, Oakland, Berkeley, Alameda, Piedmont, Emeryville, Fruitvale and Melrose and between Oakland and San Jose, California, serving the intermediate points of San Leandro, Hayward, Niles, Centerville, Irvington, Warm Springs, Milpitas and Wayne. Said temporary certificate was granted to the copartnership in lieu of a previous operative right in the name of C. D. Rasmussen, doing business under the fictitious name of Santa Fe Express and Drayage Company and S. and F. Auto Company, which operative right was revoked for cause. The copartnership now asks for an order of the Railroad Commission making permanent a certificate of public convenience and necessity between San Francisco, Oakland, Berkeley, Alameda, Piedmont, Emeryville and for the right to abandon and cease operation under the temporary certificate authorizing operation between Oakland and San Jose and intermediate points.

Applicants called a number of witnesses in support of their petition and although all existing carriers in the territory in question were notified of the hearing, none of them entered a protest with respect to the establishment of the transbay service as hereinabove mentioned. Evidence was further introduced that the existing truck service operated by A. C. Woodward between Oakland, San Jose and intermediate points was sufficient to adequately and efficiently care for freight traffic over such route and that there was no necessity for the future continuance of operation by the copartnership of Rasmussen and Svane.

Applicants further ask to make permanent the temporary certificate granted to a copartnership consisting of R. H. Rasmussen, J. C. Svane and Fred Ludekens, under Decision No. 12267 in Application No. 9149, dated June 25, 1923, authorizing operation of automotive truck service as a common carrier of freight between San Francisco and Oakland on the one hand and Crockett, Port Costa and Martinez on the other, also to transfer such permanent certificate of public convenience and necessity from the three copartners to Fred Ludekens as an individual.

Evidence was given by various business men with reference to the necessity for continuance of this service. The granting of a permanent certificate was opposed to the extent that protestants contended that the service was required solely as a limited package service and that shipments should not be handled in excess of limited maximum in weight. These protestants also called various business men from Martinez, Crockett and Port Costa who testified as to the adequacy of the existing service of the boat and rail lines and stated that during the years they had been in the retail business in the above named towns they received practically all of their consignments via boat or rail due to the fact that the rates were considerably lower than those charged by applicant herein. In accordance with the request of the presiding examiner, joined in by interested parties, applicant Ludekens submitted a statement showing shipments handled by his truck line in excess of 200 pounds each during the period of approximately seven months last past. This exhibit shows a total of 450 shipments during such period ranging in weight from 201 to 6000 pounds each. From the number of such shipments handled each day on one round trip schedule, it would appear from past operations under the temporary certificate that there does exist a demand for this truck line handling such shipments in excess of 200 pounds offered by merchants who patronize the service, particularly in view of the fact that if such merchants or receivers of freight are in need of the expeditious service given by applicant sufficient to

warrant them in paying the rate charged by applicant as against the rate that they would be obliged to pay by either rail or boat, the service of applicant must be in demand or otherwise such shipments would not have moved by truck.

A revised rate schedule was also submitted by applicant Ludekens which clarifies ambiguities in his previous tariffs, although not increasing any of his rates.

We are of the opinion and find as a fact that public convenience and necessity require that the temporary certificate between San Francisco and East Bay points as set forth above be made permanent—further, that applicants be permitted to abandon truck service between Oakland and San Jose, the operative rights between San Francisco, Oakland, Port Costa, Crockett and Martinez be transferred to applicant Ludekens and an order will be entered accordingly.

ORDER.

A public hearing having been held in the above entitled proceeding, evidence submitted and the Commission being fully advised:

The Railroad Commission of the State of California hereby declares that public convenience and necessity require the operation by R. H. Rasmussen and J. C. Svane, copartners, of an automotive truck line as a common carrier of freight between San Francisco, Oakland, Berkeley, Alameda, Piedmont and Emeryville; and

It is hereby ordered, that a certificate of public convenience and necessity therefor be and the same hereby is granted, subject to conditions hereinafter prescribed.

The Railroad Commission of the State of California hereby further declares that public convenience and necessity require the operation by R. H. Rasmussen, J. C. Svane and Fred Ludekens of an automotive truck line as a common carrier of freight between San Francisco and Oakland on the one hand and Port Costa, Crockett and Martinez on the other; and

It is hereby further ordered, that a certificate of public convenience and necessity therefor be and the same hereby is granted, subject to conditions hereinafter prescribed.

It is hereby further ordered, that R. H. Rasmussen, J. C. Svane, copartners, be and they hereby are authorized to abandon and discontinue temporary truck service between Oakland and San Jose and intermediate points as provided for under Decision No. 12268 in Application No. 9150.

It is hereby further ordered, that the orders in Decision No. 12265 in Application No. 9150 and Decision No. 12267 in Application No. 9149, be and the same hereby are revoked and annulled.

It is hereby further ordered, that R. H. Rasmussen, J. C. Svane and Fred Ludekens, copartners, be and they hereby are authorized to transfer to Fred Ludekens the certificate of public convenience and necessity herein established authorizing the operation of automotive truck service for the transportation of freight between San Francisco and Oakland on the one hand and Crockett, Port Costa and Martinez on the other; and

It is hereby further ordered, that applicants herein shall file their written acceptance of the respective certificates granted to them within a period of not to exceed ten (10) days from date hereof; that applicants Rasmussen and Svane, copartners, file their schedule of rates and time schedules covering the territory herein authorized to be served, said tariff and time schedules to be identical with the tariff of rates and time schedules now on file with the exception that tariff of rates and time schedules covering service over the route herein authorized to be abandoned shall be omitted therefrom; that applicant Fred Ludekens shall file in his own name within a period of not to exceed twenty (20) days from date hereof, tariff of rates identical with the amended exhibit filed in this proceeding and time schedules identical with the time schedules at present on file in the name of Martinez and San Francisco Express, covering points authorized to be served under certificate herein established, all service rendered under temporary certificates hereinabove revoked to be discontinued upon the effective date of new tariff filings.

1. The rights and privileges herein authorized may not be discontinued, sold, leased, transferred nor assigned unless the written consent of the Railroad Commission to such discontinuance, sale, lease, transfer or assignment has first been secured.

2. No vehicle may be operated under the certificates herein, unless such vehicle is owned by certificate holder or holders or is leased under a contract or agreement on a basis satisfactory to the Railroad Commission.

Dated at San Francisco, California, this twenty-eighth day of January, 1924.

DECISION No. 13098.

GEORGE P. WICKER

vs.

LAUREL CANYON LAND COMPANY.

Case No. 1937.

C. J. MILLIRON

vs.

LAUREL CANYON LAND COMPANY.

Case No. 1938.

Decided February 1, 1924.

George H. P. Shaw; Hazlett and Albee, by William Hazlett and M. A. Albee, for C. J. Milliron.

George P. Wicker, in propria persona.

Fred Mansur, for Laurel Canyon Land Company.

Milton Bryan, for City of Los Angeles.

BY THE COMMISSION.

OPINION.

The above entitled matters are formal complaints which allege that inadequate service is furnished to consumers by the Laurel Canyon Land Company, which operates a public utility serving some ninety consumers with water for domestic purposes in Laurel Canyon in the city of Los Angeles.

A public hearing in these matters was held in Los Angeles before Examiner Satterwhite, at which time it was stipulated that the two proceedings might be consolidated for hearing and decision.

The Laurel Canyon tract involved in this proceeding consists of approximately 200 acres in the foothill region which has been subdivided and developed into a high class residential district. It is located about nine miles in a northwesterly direction from the center of the business district of the city of Los Angeles, to which it has been recently annexed.

The Laurel Canyon Land Company was organized about 1908, and has since been engaged in the business of selling real estate and supplying water for domestic use to purchasers of property in the subdivision. On October 8, 1923, the company still owned 65 acres of the original tract. The water plant, which consists of shallow wells, pumping equipment, storage tanks and a distribution system, was constructed primarily to aid in the sale of real estate. The water supply is obtained close to the surface of the ground, and is dependent very largely upon the rainfall which occurs each year.

The evidence shows that there has been a gradual increase in the number of consumers supplied by the system during the past three years, and that notwithstanding the fact that defendant has made an effort to increase its water supply by the construction of new wells, there has been a shortage in the amount of water furnished to consumers during the summer months.

Mr. F. C. Finkle, a consulting engineer, testified in behalf of C. J. Milliron, one of the complainants herein, to the effect that defendant could materially increase its water supply by the construction of an impervious wall to bedrock across the canyon in the vicinity of its main pumping station. No estimate of the cost of the proposed improvement was presented, and it appears that no investigation has been made to determine the distance from the stream bed to bedrock or of the character of the material beneath the surface. The supply which could be made available by the suggested cut-off wall was estimated by Mr. Finkle to be from 12,000 to 15,000 gallons per day during years in which the precipitation was similar to that which occurred in 1923.

The engineering department of the Board of Public Utilities of the city of Los Angeles has rendered vital and material assistance in this matter by furnishing the Commission with a special report on the water supply problems of Laurel Canyon. This report states that the city mains near the district have a surplus of water now available, which, with the company's water resources, is amply sufficient for the present needs and the reasonable future demands of the consumers of Laurel Canyon Land Company; and that the Municipal Water Bureau of Los Angeles is willing and will permit the company to install a 2-inch connection with the city water main in the vicinity of Laurel Canyon road and Sunset boulevard. The defendant herein will be allowed to purchase any such surplus water available at that location provided the water bureau be not considered bound to deliver a fixed or specified amount of water, or be held liable or accountable for any damage or inconvenience caused by possible shortage or failure of its supply, and provided further that the Laurel Canyon Land Company shall derive no profit from the resale of water so obtained.

Concerning the purchase of water from the city of Los Angeles the report further states:

This the engineering department of this Board feels is the most practical temporary solution for this problem, and further, the Board is of the opinion that there can be no permanent solution for this problem until the city of Los Angeles incorporates Laurel Canyon into a municipal water district and supplies it with water from the municipal mains direct. Until that time, however, any plan that will afford adequate relief at the least possible cost to both the rate payers and the company is the one most desired.

The records of the water bureau of the city of Los Angeles show that during the months of July, August and September, 1923, there was a

monthly average of approximately 3,627,000 gallons of water available for delivery to Laurel Canyon Land Company had there been at that time a connection with the city water main.

After a careful consideration of the evidence submitted it appears that the most practicable method for increasing the supply of water for delivery to consumers of this utility, until such time as the district is supplied by the city of Los Angeles, will be for the utility to install a connection with the city mains as suggested by the engineering department of the Board of Public Utilities. While it may be possible that the utility can increase its water supply to a limited extent by further development in the vicinity, either by the sinking of additional wells or the construction of an impervious wall in Laurel Canyon, it is by no means certain that such procedure would result in an additional supply of water equal to that which could be secured from the city of Los Angeles.

Defendant contends that several consumers located on the lower surface levels and having large and extensive grounds laid out in lawns, gardens, and ornamental shrubbery, have used such excessive amounts of water that the consumers living on the higher elevations have thereby been deprived of an adequate supply. However, it appears from the evidence that the Laurel Canyon Land Company promoted and developed this tract of land as a high class residential district and sold a portion of the land in large plots for the purpose of providing suitable and desirable surroundings for beautiful and permanent homes. Under such circumstances it would appear inequitable for this same company whose efforts were directly responsible for the existence of such conditions, to contend that the same large lawns and extensive gardens and grounds should now be deprived of sufficient water for their proper upkeep and maintenance. Furthermore, had these large home sites been sold as regulation city lots, the greater number of consumers thereby resulting would have created as great or perhaps a greater demand for water than exists under present conditions.

It is apparent that this utility can not supply water to additional consumers without injuriously affecting the supply of those consumers who have heretofore been supplied by the system. The taking on of additional consumers, therefore, will be expressly forbidden until such time as an additional and adequate source of supply be obtained by the defendant herein.

ORDER.

Complaints having been made as entitled above against the Laurel Canyon Land Company, alleging inadequacy of water service furnished by that utility to its consumers, a public hearing having been held

thereon, the matter having been submitted, and the Commission being now fully informed in the premises:

It is hereby found as a fact that the present water supply of the Laurel Canyon Land Company is inadequate to provide properly for the reasonable requirements of its consumers; and basing the order on the foregoing finding of fact and the statements of fact contained in the opinion which precedes this order;

It is hereby ordered, that Laurel Canyon Land Company be and it is hereby directed to file with this Commission within thirty (30) days from the date of this order, for its approval, plans for increasing its present water supply, such plans to make provision for the acquisition within a reasonable time of a supply of water adequate for the reasonable requirements of its consumers.

It is hereby further ordered, that upon receiving approval by this Commission of the plans submitted, Laurel Canyon Land Company shall proceed with due diligence to install the improvements so authorized and upon completion thereof shall so notify this Commission.

It is hereby further ordered, that Laurel Canyon Land Company be and it is hereby directed to make no connections to its mains and pipe lines to supply additional consumers, until further order of this Commission.

Dated at San Francisco, California, this first day of February, 1924.

DECISION No. 13099.

IN THE MATTER OF THE APPLICATION OF A. FERGUSON, OF OILDALE, CALIFORNIA, FOR PERMISSION TO BE RELIEVED FROM PUBLIC LIABILITY.

Application No. 9507.

Decided February 1, 1924.

Emmons and Aldrich, for Applicant.

SHORE, Commissioner.

OPINION.

A. Ferguson, who owns and operates a small water system serving a section of the town of Oildale, Kern County, with water for domestic purposes, asks the Railroad Commission for authority to discontinue operation of the plant. The application in this proceeding alleges in effect that in 1918 this water system served approximately fifty-eight consumers, but since that time the Oildale Mutual Water Company has been formed, has installed mains throughout the territory heretofore served solely by the applicant, and has steadily acquired his consumers until on November 6, 1923, there were but thirty remaining.

It is further alleged that the revenues receivable for the last four years have been less than the actual costs of operation and maintenance, exclusive of depreciation and any return whatsoever upon the capital invested; and that furthermore any rate designed to produce a fair return to applicant under existing circumstances would be prohibitive. The Commission is asked, therefore, to authorize the abandonment by applicant of public utility service.

A public hearing in this matter was held at Bakersfield, after all interested parties had been duly notified and given an opportunity to appear and be heard.

The water supply for this system is obtained from a twelve-inch cased well eighty feet deep from which the water is pumped directly into the mains or elevated into a 20,000 gallon redwood storage tank by means of an electrically operated Meyer's bulldozer pump. The distribution system consists of about 3250 feet of two-inch black iron pipe and sixty service connections. All service is at the flat rate of \$1.50 per month during the four winter months and \$2 per month during the remainder of the year. The applicant submitted no evidence regarding the value of the system or the revenues and costs of operation, but accepted without objection the report on this matter submitted by M. R. MacKall, one of the Commission's hydraulic engineers.

A summary of this report is as follows:

Number of Consumers.

January 1, 1918	60
January 1, 1919	51
January 1, 1920	48
January 1, 1921	51
January 1, 1922	45
January 1, 1923	31
November 1, 1923	31

Revenues.

1920	\$1,250 00
1921	1,023 00
1922	764 00
1923*	655 00

*Month of December estimated.

Estimated original cost of the system as of November 1, 1923	\$3,793 00
Annual replacement fund	138 00
Maintenance and operating expenses for 1922	735 00
Maintenance and operating expenses for 1923	674 00

Certain expenditures amounting to \$1,020 in 1922 and \$24 for 1923 were eliminated from the foregoing operating costs as being more properly chargeable to fixed capital.

The total annual charges based upon the figures set out above amount to \$1,115 while the revenues for 1923 will not exceed \$655.

It is clear from the figures presented above that the applicant has not received revenues sufficient to pay the bare costs of operation for the year 1923.

The evidence shows that although the town of Oildale is a thriving and growing community, since 1918 the applicant has suffered a loss of 48 per cent of his consumers with a corresponding reduction of 48 per cent in revenues, both of which may be attributed to the operations of the Oildale Mutual Water Company.

It is apparent that the continued operation of this plant can result only in the further loss of consumers and money by the owner. There is every indication that, should the present rates be increased to such an extent as to place this plant upon a theoretically profitable basis and insure a fair return upon the investment, the consumers would discontinue service in favor of the mutual company, which now has water mains installed and in operation throughout the entire district served by applicant. This company has larger distribution mains, better equipment and delivers water in greater volume and pressure than the Ferguson system. The applicant's present consumers therefore now have available a more dependable and efficient source of supply from the Oildale Mutual Water Company, which according to the testimony is willing, upon proper application, and is also able to install within thirty days the necessary connections to serve all consumers now receiving water from the Ferguson plant.

Under the circumstances, it is evident that applicant should be permitted to discontinue the operation of the water system after giving the consumers a reasonable time in which to secure other sources of supply.

ORDER.

A. Ferguson having made application to this Commission as entitled above, a public hearing having been held thereon, the matter having been submitted and the Commission being now fully informed in the matter:

It is hereby found as a fact that public convenience and necessity do not require the continued operation of the public utility owned and operated by A. Ferguson and used for supplying water for domestic purposes to residents in a section of the town of Oildale, Kern County, and

Basing the order upon the foregoing finding of fact and upon the statements of fact contained in the opinion which precedes this order;

It is hereby ordered, that A. Ferguson be and he is hereby authorized to discontinue the operation of the public utility water system, owned and operated by him, and located in the town of Oildale, Kern County, on April 30, 1924.

It is hereby further ordered, that within twenty (20) days from the date of this order A. Ferguson be and he is hereby directed to notify in writing each of the consumers now being supplied with water by this plant of his intention to discontinue the operation of the system on April 30, 1924.

It is hereby further ordered, that A. Ferguson be and he is hereby directed to furnish this Commission, within thirty (30) days from the date of this order, an affidavit setting forth the fact that each of his consumers at Oildale was duly notified of such intention to discontinue the operation of the water system on April 30, 1924.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this first day of February, 1924.

DECISION No. 13100.

IN THE MATTER OF THE APPLICATION OF WILMINGTON TRANSPORTATION COMPANY FOR AN ORDER AUTHORIZING THE ISSUE OF STOCK.

Application No. 9685.

Decided February 1, 1924.

Gibson, Dunn and Crutcher, by *S. M. Haskins*, for Applicant.

BY THE COMMISSION.

OPINION.

In this application Wilmington Transportation Company asks permission to issue and sell at par for cash \$1,332,500 of its common capital stock for the purpose of paying outstanding indebtedness and of financing the cost of additions, betterments and improvements.

Wilmington Transportation Company is engaged primarily in the business of transporting passengers and freight by water between Los Angeles Harbor and Santa Catalina Island. For the year ending December 31, 1922, it reports operating revenues of \$939,088.11, operating expenses of \$774,163.73, interest deductions of \$17,500 and net corporate income of \$147,424.38. For the 11 months ending November 30, 1923, it reports operating revenues of \$1,078,329.91, operating expenses of \$773,295.04, interest deductions of \$5,777.78 and net corporate income of \$299,257.09.

As of November 30, 1923, the company reports assets and liabilities as follows:

<i>Assets.</i>	
Fixed capital.....	\$1,703,405 43
Inventories	4,792 97
Cash	4,864 93
Notes receivable.....	12,318 18
Accounts receivable.....	132,506 05
Deferred assets.....	54,876 73
Other suspense.....	54,270 00
Total assets.....	\$1,967,034 29

<i>Liabilities.</i>	
Capital stock.....	\$667,500 00
Notes payable.....	200,000 00
Accounts payable.....	27,159 05
Deferred liabilities.....	5,762 54
Reserves	420,173 21
Surplus	646,439 49
Total liabilities.....	\$1,967,034 29

The company has an authorized capital stock of \$2,000,000 of which, as shown by the foregoing statement, \$667,500 is outstanding. It is now proposed to issue and sell the remaining authorized but unissued stock, amounting to \$1,332,500, at par for cash and to use the proceeds for the following purposes:

To pay for new passenger boat.....	\$775,000 00
To equip and complete new passenger boat.....	42,500 00
To pay for two new towboats.....	150,000 00
To pay for new pleasure boat.....	40,000 00
To pay for new boilers for "Avalon".....	125,000 00
To pay indebtedness.....	200,000 00
Total	\$1,332,500 00

The company reports that it is necessary to acquire additional property to provide for the increase in its business and to enable it to give adequate transportation service. The record shows that applicant has entered into an agreement with Los Angeles Shipbuilding and Drydock Corporation, which corporation, at a cost of \$775,000, has agreed to construct a steel twin screw passenger steamer, approximately 300 feet in length over all, 52 feet moulded breadth, 21 feet moulded depth and complete with all propelling machinery, auxiliaries and equipment. In addition, applicant reports that it will be required to expend approximately \$42,500 to equip the new steamer with nautical apparatus, furniture and fixtures, tools and other equipment. The two new towboats to be constructed at a total cost of \$150,000 will be 79.8 feet in length, 17 feet in breadth, 9.8 feet in depth and equipped with full Diesel engines. The new pleasure boat to be built for \$40,000 will be used locally at Santa Catalina Island. The indebtedness to be paid

consists of two notes of the face amount of \$100,000 each; one dated April 5, 1923, and due four months after date without interest, and the other dated April 25, 1923, and due six months after date without interest. It appears that both notes represent moneys borrowed from Wm. Wrigley, Jr., to pay the cost of acquiring two towboats and four barges.

The company asks permission to use \$125,000 of the proceeds from the sale of the stock to pay in part the cost of acquiring and installing two new boilers on the steamer "Avalon." At the time of filing the application the company reported that the \$125,000 represented the estimated cost of the new boilers installed, less the salvage values of the old boilers to be replaced. At the hearing, however, the testimony shows that the final cost of the new boilers actually amounted to approximately \$156,000. The order herein will require applicant to file a copy of all journal entries by which the capital and other accounts are adjusted because of the replacement of the boilers.

Inasmuch as the testimony herein indicates that the moneys represented by applicant's reserve for accrued depreciation account have been invested in properties, we believe that the company properly may use the proceeds from the sale of its stock to reimburse such reserve. After such reimbursement, such moneys, of course, must be used to make replacements, or in any event kept in the business.

ORDER.

Wilmington Transportation Company, having applied to the Railroad Commission for permission to issue and sell \$1,332,500 of stock, a public hearing having been held before Examiner Williams in Los Angeles and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for by such issue of stock is reasonably required by applicant for the purposes indicated herein:

It is hereby ordered, that Wilmington Transportation Company be and it is hereby authorized to issue and sell at par for cash \$1,332,500 of its capital stock and to use the proceeds for the purpose of paying indebtedness and of financing the cost of additions, betterments and improvements, as indicated in the foregoing opinion.

The authority herein granted is subject to further conditions as follows:

1. Wilmington Transportation Company shall keep such record of the issue, sale and delivery of the stock herein authorized and of the disposition of the proceeds as will enable it to file on or before the twenty-fifth day of each month a verified report, as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

2. Wilmington Transportation Company shall, within sixty days from the date hereof, file a copy of all journal entries by which its capital and other accounts are adjusted because of the replacement of the boilers in the steamer "Avalon."

3. The authority herein granted to issue stock will become effective upon the date herein but will expire on June 30, 1924.

Dated at San Francisco, California, this first day of February, 1924.

DECISION No. 13103.

IN THE MATTER OF THE APPLICATION OF J. A. GRAVES AND JACOB BEAN REALTY COMPANY, A CORPORATION, TO HAVE CERTAIN PROPERTY RELIEVED FROM THE CHARACTER OF PUBLIC UTILITY PROPERTY AND FOR PERMISSION TO SELL THE PROPERTY SO RELIEVED.

Application No. 9567.

Decided February 2, 1924.

O'Melveny, Millikin, Tuller and Macneil by Sayre Macneil, for Applicants.

BY THE COMMISSION.

OPINION.

This is an application by the joint owners of a water utility to have certain of their water-bearing lands now impressed with the character of public utility property relieved of that burden, and for permission to sell the property so relieved.

A public hearing in this matter was held before Examiner Williams at Los Angeles, after due notice thereof had been given so that all interested parties might appear and be heard.

The testimony shows that applicants operate a public utility water system which supplies consumers in and in the vicinity of the city of Alhambra, and in connection therewith own a certain well and pumping equipment located on Lot No. 72 of Tract No. 34, Los Angeles County records. The well and pumping equipment are so situated in the northeast corner of this lot that a considerable portion of the land is not used in the operation of the present pumping plant and is not suitable for further water development. It can be sold with certain restrictions without interfering in any way with the usefulness of the well and equipment for public utility purposes. The land in the immediate vicinity, which was formerly a part of this utility's property, was relieved of its public utility character by order of the Railroad Commission in its Decisions Nos. 3161 and 3256, dated March 14 and April 17, 1916, respectively. It is located in the city of Pasadena, and is now built up into a high-class residential district, and it is

the desire of applicants to sell a portion of Lot No. 72 not required for public utility purposes, and under restrictions not adverse to public regulation.

No one appeared to contest the granting of the application. The evidence indicates that the request is reasonable and that the application should be granted.

ORDER.

J. A. Graves and Jacob Bean Realty Company having made application to this Commission as entitled above, a public hearing having been held thereon, the matter having been submitted, and the Commission being now fully informed in the matter;

It is hereby ordered, that the following described land is found to be not necessary for the operation of the public utility water system operated by applicants herein, and is relieved from the burden of its public utility character and may be sold by applicants under the terms and conditions hereinafter set forth:

All that portion of Lot 72, Tract No. 34, as per map thereof recorded in Map Book 13, pages 190 and 191, records of Los Angeles County, described as follows:

Commencing at a point on the easterly line of Oakland avenue, said point being the southwest corner of said Lot Seventy-two (72); thence in a general easterly direction along the southerly boundary line to said lot one hundred fifty-four and eighty-nine hundredths (154.89) feet to the southeast corner thereof; thence in a general northerly direction along the easterly boundary line of said lot forty (40) feet to a point; thence in a general westerly direction parallel with the southerly boundary line of said lot fifty-six (56) feet to a point; thence in a general northerly direction parallel with the westerly boundary line of said lot ten (10) feet to a point; thence in a general westerly direction parallel with the northerly boundary line of said lot ninety-eight and thirty-four hundredths (98.34) feet to a point on the westerly boundary line of said lot; thence in a general southerly direction along the westerly boundary line of said lot and the easterly line of Oakland avenue to the point of beginning.

It is hereby further ordered, that the authority herein granted shall be subject to the following conditions:

1. All conveyances of the property hereinabove described shall contain a clause reserving to the said utility now operated by J. A. Graves and Jacob Bean Realty Company and to any utility of which it may at any time form a part, the right to all underground water in said property; also reserving to the said J. A. Graves and Jacob Bean Realty Company the right to conduct water through any pipe lines or tunnels which may now be located upon or under the said property.

2. The conveyance of the property hereinabove described shall be upon the condition that no cesspool or privy vault shall be dug or sunk upon any portion of the land conveyed, and that all of the buildings, whether dwelling houses, outhouses, garages or stables erected upon said premises, together with the washing racks and washing facilities and drainage from any stable or garage erected thereon, shall

at all times be connected with the outfall sewer in the public street upon which the said property fronts.

3. Conveyance of the property hereinabove described shall be made only after a certified copy of this order shall have been recorded in the office of the recorder for Los Angeles County.

4. Within ten (10) days from the date on which applicants actually relinquish control and possession of the property herein authorized to be transferred, a certified statement shall be filed with this Commission, indicating the date on which such control and possession was relinquished; and within thirty (30) days from that date a certified copy of the instrument of conveyance shall be filed with this Commission.

Dated at San Francisco, California, this second day of February, 1924.

DECISION No. 13104.

ANAHEIM SUGAR COMPANY, A CORPORATION,

vs.

SAN DIEGO AND ARIZONA RAILWAY COMPANY, A CORPORATION, AND
THE ATCHISON, TOPEKA AND SANTA FE RAILWAY COMPANY, A
CORPORATION.

Case No. 1960.

Decided February 2, 1924.

RATES—RAILROAD—OVERCHARGES ON SUGAR BEETS—REPARATION ORDERED.—
Defendants having admitted collection of a rate of 22 cents per 100 pounds on
four carloads of sugar beets shipped from Palm City to Anaheim, refund of
amounts collected in excess of 12 cents per 100 pounds ordered.

*B. H. Carmichael, Glenscor, Cleve and Van Dine and F. W. Turcotte, for Com-
plainant.*

Read G. Dilworth and E. W. Camp, for Defendants.

BY THE COMMISSION.

OPINION.

Eliminating the formal allegations and stating only the matter relevant to this opinion and order, the complainant alleges, by complaint filed November 19, 1923, that there were shipped for the account of complainant four carloads of sugar beets from Palm City to Anaheim between the period August 25, 1921, to September 1, 1921, upon which was charged rate of 22 cents per 100 pounds; that the defendants are now endeavoring to collect on a basis of 39 cents per 100 pounds, and that there is in effect a rate of 31 cents per 100 pounds San Diego to Oceanside, these rates being the combination of locals.

At the time these shipments moved there were commodity rates in effect, from other beet fields to Anaheim, for equidistant hauls of approximately 12 cents per 100 pounds and the failure of carriers to establish similar rate from Palm City is admitted to have been an oversight. Since these consignments moved proper commodity rates have been published.

Complainant prays, therefore, that an order be made by this Commission directing the defendant to pay to complainant reparation to the basis of 12 cents per 100 pounds and that waiver of collection of any outstanding undercharges be authorized.

The defendants, by answer duly filed, admit each and every allegation of the complaint, whereupon the complainant, by motion filed, requests judgment on the pleadings. No formal hearing was necessary or held.

The shipments here in question were voluntarily placed upon the informal docket by the defendant under date of July 28, 1923, our I. C. 28147, requesting authority to grant reparation under section 71 of the Public Utilities Act, but due to the defendants' failure to fully conform to that rule, the formal case now before us was brought by the complainant.

The Commission is of the opinion that under the circumstances and conditions reparation should be granted to the basis of 12 cents per 100 pounds, minimum carload weight 80,000 pounds, on the four (4) cars of sugar beets in question, and that collection of any under charges be waived.

ORDER.

Complaint having been duly filed, and answer of defendants admitting each and every allegation of the complaint appearing of record of this Commission;

It is hereby ordered, that The Atchison, Topeka and Santa Fe Railway Company and the San Diego and Arizona Railway Company are authorized and directed to refund, with interest, to the Anaheim Sugar Company, any charges they may have collected in excess of 12 cents per 100 pounds, minimum carload weight 80,000 pounds, on four (4) carloads of sugar beets moving from Palm City to Anaheim for the account of the Anaheim Sugar Company between the period August 21, 1921, and September 1, 1921, and waiver of collection of any outstanding under charges that may exist on said shipments is hereby authorized.

Dated at San Francisco, California, this second day of February, 1924.

DECISION No. 13105.

IN THE MATTER OF THE APPLICATION OF MINARETS AND WESTERN
RAILWAY COMPANY FOR AN ORDER AUTHORIZING THE ISSUE
OF STOCK.

Application No. 7995.

Decided February 2, 1924.

Goudge, Robinson and Hughes, by Herbert J. Goudge, for Applicant.

BY THE COMMISSION.

SECOND SUPPLEMENTAL OPINION.

Minarets and Western Railway Company, in its second supplemental petition filed in the above entitled matter on December 29, 1923, asks permission to issue and sell at par for cash \$950,000 of stock, in addition to the \$50,000 of stock heretofore authorized by the Commission, and to use the proceeds for the purpose of financing in part the cost of its line of railway.

The record in this proceeding shows that applicant has built and has placed in operation a standard gauge steam railroad beginning at or near the station at Friant in Fresno County and extending thence in a northeasterly direction to the vicinity of Crane Valley Dam in Madera County and also from Pinedale Junction, a station on the Clovis branch of the Southern Pacific, to a point in or near the townsite of Pinedale.

The Railroad Commission heretofore by Decision No. 10726, dated July 19, 1922, and by Decision No. 11825, dated March 21, 1923, authorized the company to issue and sell at par \$50,000 of its capital stock and to issue and sell at 97 \$2,500,000 of its first mortgage serial 6 per cent bonds for the purpose of financing the cost of constructing the line of railway.

Applicant's engineer heretofore estimated the cost of the railroad, together with the equipment, at \$2,623,803. The actual cost is now reported at \$3,417,564.04 including about \$90,000 worth of construction material on hand. The increased cost was caused by delays in grading, changes in plans and by the use of heavier locomotives than was at first contemplated. In order to take care of this increased cost and provide itself with some working capital, the company asks permission to issue and sell at par an additional \$950,000 of its common stock.

SECOND SUPPLEMENTAL ORDER.

Minarets and Western Railway Company having applied to the Railroad Commission for permission to issue and sell \$950,000 of stock, a public hearing having been held before Examiner Fankhauser, and

the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for by such issue is reasonably required by applicant, and that the expenditures herein authorized are not in whole or in part reasonably chargeable to operating expenses or to income;

It is hereby ordered, that Minarets and Western Railway Company be and it is hereby authorized to issue and sell at not less than par \$950,000 of its capital stock and to use the proceeds for the purpose of paying indebtedness and of financing the cost of its line of railway and for the purpose of providing itself with working capital.

The authority herein granted is subject to further conditions as follows:

1. Minarets and Western Railway Company shall keep such record of the issue, sale and delivery of the stock herein authorized and of the disposition of the proceeds as will enable it to file on or before the twenty-fifth day of each month a verified report as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

2. The authority herein granted to issue stock will become effective upon the date of this order and will expire on September 30, 1924.

Dated at San Francisco, California, this second day of February, 1924.

DECISION No. 13108.

IN THE MATTER OF THE APPLICATION OF EARLE L. DOHERTY FOR PERMISSION TO SELL THE DISTRIBUTING SYSTEM OF THE CORTE MADERA WATER COMPANY AND THE SAN ANSELMO WATER COMPANY TO THE MARIN MUNICIPAL WATER DISTRICT, A PUBLIC CORPORATION.

Application No. 9680.

Decided February 2, 1924.

BY THE COMMISSION.

ORDER.

Earle L. Doherty having made application to this Commission for authority to transfer to the Marin Municipal Water District, a public corporation, the distributing systems of the Corte Madera Water Company and the San Anselmo Water Company, and the Marin Municipal Water District by a resolution of its board of directors having authorized the purchase of the said distributing systems; and it appearing that this is not a matter in which a public hearing is necessary and that the application should be granted;

It is hereby ordered, that Earle L. Doherty be and he is hereby authorized to transfer to Marin Municipal Water District, a public corporation, the distributing systems of the Corte Madera Water Company and San Anselmo Water Company more particularly described in the application herein and in accordance with the terms and conditions as set out in said application.

It is hereby further ordered, that the authority herein granted shall be subject to the following conditions:

1. The purchase price agreed upon between the applicants herein shall not be urged before this Commission or any other public body as a finding of value for rate fixing or any purpose other than the transfer herein authorized.

2. The authority herein granted shall apply only to such transfer as may have been made on or before July 31, 1924, and a certified copy of the instrument of conveyance shall be filed with the Commission by Earle L. Doherty within thirty (30) days of the date on which it is executed.

3. Within ten (10) days from the date on which Earle L. Doherty actually relinquishes control and possession of the properties herein authorized to be transferred, he shall file with this Commission a certified statement indicating the date on which such control and possession was relinquished.

Dated at San Francisco, California, this second day of February, 1924.

DECISION No. 13112.

CITY OF PIEDMONT, A MUNICIPAL CORPORATION, AND PIEDMONT CIVIC ASSOCIATION

vs.

SAN FRANCISCO-OAKLAND TERMINAL RAILWAYS, A CORPORATION.

Case No. 1771.

Decided February 4, 1924.

RATES—ELECTRIC RAILWAY—PIEDMONT-SAN FRANCISCO FARES—DISCRIMINATION ORDERED REMOVED.—One-way and commutation fares in connection with street car fares between San Francisco and the city of Piedmont found unjust and discriminatory as compared with transbay fares on other lines of defendant. Defendant given twenty days in which to file tariff of passenger fares removing such discrimination.

Girard Richardson, City Attorney, for City of Piedmont.

Max Thelen and *Paul S. Marrin*, for Piedmont Civic Association.

Peter F. Dunne and *A. L. Whittle*, for San Francisco-Oakland Terminal Railways, Defendant.

BY THE COMMISSION.

OPINION.

This proceeding, instituted by the city of Piedmont and the Piedmont Civic Association, alleges, in substance, that the one-way fares and the individual commutation fares between San Francisco and points in the city of Piedmont are unjust, unreasonable, excessive and discriminatory.

The defendant, San Francisco-Oakland Terminal Railways, operates an interurban service between San Francisco and Alameda County points in the cities of Oakland, Emeryville, Berkeley and Albany. The total track mileage of the interurban part of the system, known as the Key division, including sidings, is 43.72. The company operates 220.38 miles of street car tracks, known as the Traction division, within the cities of Oakland, Berkeley, Alameda, Piedmont, Emeryville, Albany, Richmond, San Leandro, Hayward and other points in Alameda and Contra Costa counties.

Briefly stated, the prayer of the petitioners is for a lengthening of the interurban fare zones in the Oakland territory so as to make the San Francisco-Oakland one-way and individual monthly commutation fares apply to the city of Piedmont.

It will be unnecessary here to again review the history of this defendant's financial organization or fare adjustments, the same having been fully covered by previous decisions reported in 12, C. R. C. 104, December 26, 1916; 15, C. R. C. 832, June 6, 1918; 15, C. R. C. 1070, August 13, 1918; 17, C. R. C. 178, August 11, 1919; 18, C. R. C. 646, August 17, 1920.

The defendant performs an interurban service between San Francisco and Alameda County points in connection with its Key division, and also a street car service in connection with its traction division within and between communities in Alameda and Contra Costa counties.

The one-way fare between San Francisco and the specified interurban Alameda County points is 18 cents, with an individual calendar monthly commutation ticket of \$4.80. On the street car portion of the system the fare is 6 cents within and between the communities of Berkeley, Alameda, Oakland, Piedmont and Emeryville, including transfer for trips in the same general direction; the fare is also 6 cents within described zones outside the communities named. The fare between San Francisco and the city of Piedmont is 24 cents, made up of the interurban fare of 18 cents from San Francisco to Fortieth street-Piedmont avenue in Oakland, plus the street car fare of 6 cents from that point to points in the city of Piedmont. Based on a 30-day calendar month, the commutation rate is \$8.40, made up of the regular commutation fare of \$4.80 between San Francisco and Fortieth street-

Piedmont avenue, plus the street car charge of 6 cents one way, 12 cents the round trip, or \$3.60 a month.

The distance from San Francisco to Fortieth street-Piedmont avenue is 8.25 miles and from the latter station to the most distant point in the city of Piedmont is 2.5 miles, a total mileage from San Francisco to the end of the street car line in Piedmont of 10.75. In making the trip San Francisco to Piedmont the passengers cross the bay on the ferry steamers to the Pier terminal, thence via electric interurban cars to Fortieth street-Piedmont avenue, the terminus of the interurban service, from which point the street cars are used to the city of Piedmont, thus employing three distinct facilities—boat, interurban and street car.

The complainants introduced two exhibits, one a map of the city of Oakland and vicinity, and the other extracts from the transcript, giving certain testimony presented on November 15 and 16, 1917, by Mr. W. R. Alberger, vice president and general manager of the San Francisco-Oakland Terminal Railways, in Applications Nos. 2985, 3086 and 3087.

The defendant introduced five exhibits, three being maps showing the traffic situation in Berkeley, East Oakland and Richmond, the fourth a general map of the entire system, and the fifth a travel check and financial statement of certain lines.

The opening statement of the attorney for the complainants and the testimony of their witnesses were directed to the point that there are discriminations and prejudices in the existing fares against the city of Piedmont as compared with the fares in effect from San Francisco to other points in Alameda and Contra Costa counties, particularly to Berkeley, Northbrae, Albany, Claremont, Trestle Glen and Richmond.

The mileage and fares are set forth in a statement shown below:

Route	Between San Francisco and	Distance from San Francisco (miles)	One way	Monthly commutation
	City of Piedmont (end of line).....	10.75	24¢	\$8 40
6	Piedmont avenue (Fortieth street).....	8.25	18	4 80
5	Claremont	9.84	18	4 80
2	Telegraph Ave. (via Alcatraz Ave. and College Ave.)	10.65	18	4 80
1	University avenue	9.78	18	4 80
3	Northbrae	11.11	18	4 80
4	Westbrae (Albany)	10.62	18	4 80
10	Trestle Glen	10.56	18	4 80
8	Third avenue and East Eighteenth street.....	9.94	18	4 80
9	Forty-first avenue and East Fourteenth street.....	12.66	18	4 80
	Pullman	14.91	36	6 00
	Richmond	15.67		
	San Pablo	17.19		
	East Richmond	18.48		
	Point Richmond	18.57		

The transbay passenger traffic between San Francisco and Alameda County points is handled by two separate and competing companies, this defendant—the San Francisco-Oakland Terminal Railways—and the Southern Pacific Company, both of which companies, in addition to the transbay interurban service, operate street cars, although the territory served by the street cars of the Southern Pacific Company is very limited and is only over the rails used by the interurban trains.

It might be well at this point to analyze the different routes and the points served by the defendant carrier.

Ferry boats are employed between San Francisco and Pier terminal, from which point passengers are transported via individual interurban cars, or trains made up of such cars, along a trestle and solid fill and by a subway under the Southern Pacific tracks into Oakland. After passing through the subway, cars are diverted over their different routes, ten in number, as set forth in the preceding statement.

On the Piedmont line, Route No. 6, the interurban cars are operated to Fortieth street, at which point there is no competition with the Southern Pacific Company.

Passengers going to Claremont, Route No. 5, are also carried to their destination by interurban cars, which to a limited degree only is competitive with the Southern Pacific Company.

Route No. 2 takes care of passengers on what is known as the Berkeley-Alcatraz line. In making the trip over this route passengers change from the interurban train to street cars at Alcatraz avenue, travel down Alcatraz avenue to College, down College avenue to Bancroft way and down Bancroft way to Telegraph avenue. This combined interurban and street car service is directly competitive with the paralleling Ellsworth street line operated by the Southern Pacific Company.

Routes Nos. 1, 3 and 4, terminating at University avenue, Northbrae and Westbrae (Albany), are strictly interurban service, passing through territory wholly competitive with the Southern Pacific Company, that company having electric trains in operation on the parallel streets, Ellsworth, Shattuck, California and Ninth.

Route No. 10, to Trestle Glen, is an interurban line served by interurban cars. This line was put into operation in September, 1919, and was constructed to serve a newly developed residential district. Here there is no competition with the lines of the Southern Pacific Company.

Routes Nos. 8 and 9 cover the territory in East Oakland; the first one terminates at Third avenue and East Eighteenth street and is an interurban service; the second terminates at Forty-first avenue and East Fourteenth street. This latter service uses the interurban trains to twenty-first street and Broadway, from which point the Traction

division street cars are employed. These lines, as the exhibits and testimony show, are competitive with the Southern Pacific Company, operating electric trains on Seventh street to Oakland Pier; from Fourteenth and Webster, via Eighteenth street, through Sixteenth street depot to Oakland Pier, and from Fourteenth and Webster to the Alameda Pier.

To San Francisco from Pullman, Richmond, San Pablo, East Richmond and Point Richmond the one-way fare is 36 cents and the commutation fare \$6.

The testimony shows that in the Richmond territory the defendant has some competition with the Atchison, Topeka and Santa Fe Railway and the Southern Pacific Company. Originally the commutation rate between San Francisco and Richmond points via the three lines was \$5, but during the war period the Southern Pacific and the Atchison, Topeka and Santa Fe were granted two increases, the first 10 per cent, making the fare \$5.50, and the second 20 per cent, increasing the fare to \$6.60 via these two transcontinental lines. In connection with the defendant, however, only one increase was allowed during the same period of time, this being the 20 per cent increase in August, 1920, making the fare \$6 as compared with the \$6.60 rate maintained by the two competing companies. Defendant's witnesses testified that they considered the rate too low and had given consideration to an application for authority to increase it to \$6.60 as maintained by the other companies.

The testimony and the briefs offered much concerning the difference in mileage to the terminal points, but where a blanketing of rates is practiced, mileage is not controlling and the mere fact that the distance between San Francisco and Fortieth street-Piedmont avenue is somewhat less than to other points where the 18 cents one-way and the \$4.80 commutation fares are in effect is of but little consequence.

The situation is well illustrated by the fares between San Francisco and Alameda County points. For many years the Southern Pacific Company, originally the only carrier, had a flat commutation fare embracing the entire territory over which interurban trains operated. That fare is now \$4.80 and applies between San Francisco and West Oakland, a distance of 4.9 miles; to Thousand Oaks in Berkeley, a distance of 11.7 miles; to Parker avenue in Oakland, a distance of 13.2 miles, and to Alameda (Lincoln Park), a distance of 10.1 miles. Here we have the same monthly commutation fare for the passenger who travels but 4.9 miles between San Francisco and West Oakland as is paid by the passenger who travels 13.2 miles between San Francisco and Parker avenue, Oakland. Irregularities of this nature will be found on the interurban and street car systems throughout the United States, for fares of this kind are influenced by numerous factors other than distance.

The Alameda County communities have grown and developed under the present blanketing of the commutation fares, and any disturbance of the situation to a mileage basis would require much investigation and study and, therefore, can not be determined on this record.

The preponderance of the testimony submitted in this proceeding was directed mainly to the alleged discrimination in the fares existing between San Francisco and the city of Piedmont. It was not contended and the evidence fails to prove that the fares between San Francisco and Piedmont are in and of themselves unreasonable.

Very little testimony was introduced dealing with defendant's financial condition, but since it has been reviewed in a number of proceedings it will not be necessary to here enter into any details. The comptroller of the company, however, presented several exhibits giving the amount of revenue secured from certain lines directly competitive with the Southern Pacific Company, the intent of these exhibits being to show that if the joint rates and the joint service in connection with the Traction division (street cars) were not continued on a parity with the Southern Pacific Company this defendant would lose a very substantial amount of revenue.

In connection with the Alcatraz avenue line, one of the lines where, the complainants allege, discrimination exists, the total sum received for the year 1922, from passenger travel between this territory in Berkeley and San Francisco, amounted to \$174,863.36. This amount of money, witness testified, would be lost to defendant if the transfer privilege between the Key and Traction divisions were eliminated. We are not in accord with this conclusion, for while a percentage of the passengers would be diverted it is not probable the entire travel would transfer to the Southern Pacific Company by reason of the elimination of the street car privilege.

What has been said of the Alcatraz avenue line applies to the other territory where the service of this defendant is in competition with that of the Southern Pacific Company, especially to the points located in East Oakland.

Defendant has in effect, between San Francisco and Richmond, a one-way fare of 36 cents, made up of a combination of the interurban fare between San Francisco and Oakland of 18 cents, plus the street car fare of 18 cents from Oakland; at the same time, it has a \$6 commutation fare between these points. These one-way and commutation fares embrace a blanketed territory, the extremes in distances being from San Francisco to Pullman 14.91 miles; to San Pablo 17.19 miles, and to Point Richmond 18.57 miles, a spread of 3.66 miles.

The Southern Pacific Company, operating in the same territory, has a one-way fare of 34 cents to both Pullman and Richmond; a one-way fare of 47 cents to San Pablo, with commutation fares of \$6.60 to

Richmond and \$9.24 to San Pablo. From these comparisons it would seem apparent that this defendant established and now maintains the commutation fares between San Francisco and the Richmond-San Pablo territory not to meet actual forced competition but to provide a commutation fare attractive to people traveling daily via its lines to San Francisco. The transportation furnished to these points, with the exception of the nominal competition of the Southern Pacific and the Atchison, Topeka and Santa Fe, is practically the same as that furnished to Piedmont, consisting of ferry, interurban and street car, with the volume of traffic very much heavier and the distance less in the Piedmont territory than in the Richmond-San Pablo territory.

Commutation traffic is regular in volume, may be accurately measured and can be more readily handled than other kinds of passenger traffic. But it must be remembered that for this service there is provided special equipment at hours suitable for commuters, which equipment and the employees engaged in the handling of the same are inactive for a greater part of the daily working hours.

Commuting territories depend upon commutation fares less than the normal one-way fares, and these territories are encouraged and developed by the carriers, but the carriers have not the right arbitrarily to establish discriminatory rate adjustments making possible the upbuilding of one community as against another.

Upon the facts of this record we find that the fares assailed are not shown to be in and of themselves unreasonable, but that the maintenance of a one-way and a commutation fare in connection with a joint street car service between San Francisco and the city of Piedmont higher than like fares and charges between San Francisco and Berkeley via Alcatraz line; between San Francisco and Forty-first avenue via Broadway line, and between San Francisco and Richmond-San Pablo via San Pablo avenue line, are and for the future will be unjust and unduly discriminatory to the city of Piedmont and to the passengers traveling to and from the city of Piedmont.

ORDER.

City of Piedmont and Piedmont Civic Association having filed with this Commission a complaint against the one-way and individual commutation fares established, maintained and charged by the defendant, San Francisco-Oakland Terminal Railways, between San Francisco and the city of Piedmont, a full investigation and hearing of the matters and things involved having been had, and the Commission being fully advised in the premises, it is hereby found as a fact that the charges by the defendant for one-way and commutation fares in connection with a street car fare between San Francisco and the city of Piedmont higher than like fares and charges between San Francisco and Berkeley via

Alcatraz line; between San Francisco and Forty-first avenue via Broadway line, and between San Francisco and Richmond-San Pablo via San Pablo avenue line, are unjust and unduly discriminatory to the city of Piedmont and to the passengers traveling to and from the city of Piedmont, and basing its order upon this finding of fact, and the further findings of fact set forth in the foregoing opinion;

It is hereby ordered, that the San Francisco-Oakland Terminal Railways, within twenty (20) days from the date of this order, submit for the approval of this Commission a tariff of passenger fares removing the discrimination herein found to exist.

Dated at San Francisco, California, this fourth day of February, 1924.

DECISION No. 13113.

IN THE MATTER OF THE APPLICATION OF J. A. GRAVES FOR AUTHORIZATION AND APPROVAL TO SELL THAT PORTION OF HIS WATER SYSTEM WHICH LIES WITHIN THE CITY OF ALHAMBRA TO THE CITY OF ALHAMBRA, AND TO SELL WATER TO SAID CITY AT WHOLESALE, AND FOR AUTHORIZATION FOR THE CITY OF ALHAMBRA TO ENTER INTO THE AGREEMENT ABOVE DESCRIBED.

Application No. 9652.

Decided February 4, 1924.

O'Melveny, Millikin, Tuller and Macneil, by *Sayre Macneil*, for Applicant.
Grant M. Lorraine, City Manager, for City of Alhambra.

BY THE COMMISSION.

OPINION.

J. A. Graves, applicant herein, owns a one-half interest in certain water rights, wells, tunnels, transmission pipe line and reservoirs located in the cities of Pasadena and San Marino, Los Angeles County. From this system applicant receives one-half of the water developed, which is used to supply service, through a distribution system owned solely by applicant, to approximately 250 consumers within the incorporated city of Alhambra and three other consumers within the city limits of San Marino. It is the desire of applicant to sell and transfer to the city of Alhambra the entire distribution system and service connections within the city limits, and retain the service of water to the three remaining consumers within the city limits of San Marino, namely, R. H. Lacy, E. S. Armstrong and H. F. Steward. Authority is also requested to enter into a contract with the city of Alhambra by which applicant agrees to furnish water to said city for a period of five years at a rate of 6 cents per 100 cubic feet. The city of Alhambra joins in the application.

A public hearing in this matter was held before Examiner Williams at Los Angeles, after due notice thereof had been given so that all interested parties might appear and be heard.

The evidence indicates that the city of Alhambra proposes to purchase the Graves distribution system within the city limits for \$10,230.64, plus the sum of \$21.50 for each service installed as of January 1, 1924, over and above 227 services. The purchase price is to be paid from a bond issue approved by the voters of the city of Alhambra for that purpose. The city owns and operates its municipal water system and wishes to have all water distribution within its boundaries under its control. The acquisition of the Graves system will allow the city to make improvements which will not only benefit the consumers on the Graves system by a reduction in rates and improved service, but will also benefit the entire municipal system of Alhambra by reason of the acquisition of additional storage facilities and an increased supply through water purchased from the Graves system.

No one appeared at the hearing to contest the granting of the application and after careful consideration of all the evidence it is believed that the authority requested by applicants should be granted, subject to the conditions set out in the accompanying order.

ORDER.

J. A. Graves having applied to the Railroad Commission for authority to sell his water distribution system and service connections within the city limits of Alhambra to the city of Alhambra and enter into a five-year contract with said city to supply water at a wholesale rate of 6 cents per 100 cubic feet, a public hearing having been held thereon, the matter having been submitted and being now ready for decision;

It is hereby ordered, that J. A. Graves be and he is hereby authorized to sell to the city of Alhambra his water distributing system and service connections located within the limits of the city of Alhambra, Los Angeles County, excepting therefrom any pipes laid in Tract No. 2700, Los Angeles County records; also to enter into a contract for a five-year period to sell water to said city at a wholesale rate, all in accordance with the terms of the bill of sale and amended contract filed at the hearing of this application, and upon the following conditions and not otherwise:

1. The purchase price agreed upon between the applicants herein shall not be urged before this Commission or any other public body as a finding of value for rate fixing or any purpose other than the transfer herein authorized.

2. The authority herein granted shall apply only to such transfer as may have been made on or before July 31, 1924, and a certified copy

of the instrument of conveyance shall be filed with the Commission by J. A. Graves within thirty (30) days of the date on which it is executed.

3. Within ten (10) days from the date on which J. A. Graves actually relinquishes control and possession of the properties herein authorized to be transferred, a certified statement shall be filed with this Commission indicating the date on which such control and possession was relinquished.

4. The contract between the parties hereto covering the sale of water by J. A. Graves to the city of Alhambra shall, as is provided in General Order No. 53, approved November 1, 1918, by the Railroad Commission of the State of California, at all times be subject to such changes or modifications as the said Commission may, from time to time, direct in the exercise of its jurisdiction.

Dated at San Francisco, California, this fourth day of February, 1924.

DECISION No. 13114.

IN THE MATTER OF THE APPLICATION OF SAN DIEGO ELECTRIC RAILWAY COMPANY, A CORPORATION, FOR PERMISSION TO DISCONTINUE SERVICE ON AND ABANDON CERTAIN LINES OF STREET RAILWAY IN THE CITY OF SAN DIEGO.

Application No. 9095.

Decided February 4, 1924.

R. G. Dilworth, for Applicant.

Robert Brennan, for The Atchison, Topeka and Santa Fe Railway Company.

S. J. Higgins, City Attorney, by *Stanley T. Howe*, Deputy, for the City of San Diego.

Wright and McKee, by *Dempster McKee*, for the La Jolla Stage Line.

Norman Smith, for the Navy Department.

S. Carder Smith, *in propria persona*, and for certain residents of Ocean Beach, Old Town and La Playa.

BY THE COMMISSION.

OPINION.

San Diego Electric Railway Company, a corporation, has petitioned the Railroad Commission for an order authorizing the abandonment of street railway service on its so-called Point Loma Street Railway line between the intersection of Rosecrans street with Macaulay street and the intersection of Voltaire street with Bacon street; to abandon service by street railway and remove its tracks on the so-called Old Town Street Railway line between the intersection of Ivy and State streets and the intersection of Mason and Calhoun streets, it being pro-

posed to substitute automobile bus service over the portion of the Old Town line herein proposed to be abandoned. Applicant proposes to construct a new line of railway to serve Ocean Beach and Mission Beach, said line commencing at Broadway and Kettner boulevard, along Kettner boulevard to Hancock street, along Hancock street to a point between Bandini and Coutts streets, running thence across private right of way and crossing the tracks of The Atchison, Topeka and Santa Fe Railway Company and Witherby street, thence continuing along private right of way to West Point Loma boulevard and Bacon street and thence along West Point Loma boulevard to and along Mission boulevard to and along Allison street, thence over private right of way crossing La Jolla boulevard to Electric avenue, thence over private right of way to Fay avenue, thence along and upon said Fay avenue to the end of proposed line at the intersection of Fay avenue and Prospect street, La Jolla.

Public hearings were conducted by Examiner Handford at San Diego, the matter was duly submitted and is now ready for decision.

The application originally proposed the abandonment of the portion of the Point Loma line extending from Wright and Hancock streets along Hancock and Tide streets, thence along Tide street to Laytton street, thence along Laytton street to Rosecrans street and to the end of the line in La Playa, substituting bus service therefor. At the first hearing the application was amended by eliminating this proposed abandonment of street railway service and substitution of bus service and the street railway service will continue over this portion of the applicant's system.

The Commission in its Decision No. 6836 on Applications Nos. 3808 and 5009 of the San Diego Electric Railway Company, and Applications Nos. 3808 and 3809 of the Point Loma Railroad Company, made its order following an exhaustive investigation into the operative conditions of the respective companies. The order in the above proceedings contained the following, which has a material bearing on the issues presented by the application in this proceeding:

1. In the matter of service and operation. (b) Authority is not given at this time for the abandonment of service and the taking up of track on any of the lines enumerated by the San Diego Electric Railway Company in Application No. 5009, and further proof that such abandonment is justified should be submitted by applicant after the other economies and changes authorized in this order have been put into effect.

It appears from the evidence and exhibits herein that the proposed abandonment of the Old Town line, and the substitution of automobile bus service thereover, is in accordance with the order of the Commission as contained in its Decision No. 6836 above mentioned. It appears that the present Old Town line is in such condition that rehabilitation of the track should be immediately undertaken and it is estimated by

applicant that an expenditure of \$118,950 will be required to accomplish such work. The record of receipts and expenditures and traffic conditions on the Old Town line as obtained from exhibits filed by applicant shows the following data:

	1920	1921	1922	Jan. to June, inclusive 1923
Total revenue -----	\$40,081 10	\$24,204 17	\$29,306 15	\$14,943 14
Operating expenses -----	\$31,756 69	\$20,667 46	\$24,667 46	\$11,983 16
Depreciation -----	14,291 85	8,502 00	9,838 39	4,897 00
Taxes -----	2,058 80	1,761 33	2,135 78	1,083 37
Total expense -----	\$48,107 34	\$30,930 79	\$36,673 59	\$17,963 53
Deficit -----	\$8,026 24	\$3,636 62	\$6,772 44	\$3,020 36
Revenue passengers carried -----	679,601	451,031	515,256	291,739

It is apparent from the losses in the operation of the Old Town line for the periods above shown that there has been no amount available for return on the investment and there does not appear any evidence indicating increased traffic or justifying the continuance of operation if a rehabilitation expenditure of \$118,950 is necessary to bring the track up to a proper standard. The applicant proposes to install a motor bus system to care for the needs of the public heretofore served by the street car line and to extend the motor bus operation beyond the present terminal and Mason and Calhoun streets to the Hardy packing plant, thereby serving the transportation needs of an industry at present operating a private bus service for the accommodation of its employees. No changes or increases in fare are to be made and patrons of the proposed motor bus service would be accorded all transfer privileges now enjoyed by the present street car service. We are of the opinion, based upon a careful review and consideration of the evidence and exhibits herein, and hereby find as a fact that the record justifies the proposed abandonment of the so-called Old Town line and the substitution of a motor bus service in lieu thereof.

The application, as amended at one of the hearings, requests authority for the abandonment of trackage commencing at the intersection of Rosecrans and Macaulay streets, thence along said Macaulay street to a point near Willow street, thence in a northerly direction, partially over private right of way, to a point on Voltaire street near the intersection of Voltaire and San Clemente streets, thence on Voltaire street to its intersection with Bacon street.

It is proposed to abandon the trackage and rail service over the above described route but to establish in lieu thereof a motor bus service between the intersection of Bacon and Voltaire streets along Voltaire street to its intersection with San Clemente street. Patrons heretofore using the route of the former Point Loma Railway between

San Diego and this portion of Ocean Beach would use the bus line to the Bacon and Voltaire street junction and there transfer to and from the high speed cars of the new Ocean Beach-Mission Beach line now being constructed from San Diego. The track mileage proposed to be abandoned is approximately two miles and practically all of the traffic heretofore enjoyed from its operation has originated in the territory between Bacon and Voltaire streets and San Clemente and Voltaire streets which it is proposed to care for by the establishment of the motor bus service connecting at Bacon and Voltaire streets with the cars of the new high speed line now under construction. A brief review of operating results on the Ocean Beach line, under present routing and as abstracted from exhibits filed at the hearing, follows:

	1920	1921	1922	Jan. to June, inclusive, 1923
Operating income	\$102,100 76	\$107,853 06	\$104,248 61	\$44,462 78
Operating expenses	\$63,629 91	\$67,674 08	\$70,571 70	\$33,639 62
Depreciation	15,225 36	15,889 77	15,240 28	9,129 59
Taxes	7,402 30	7,819 34	7,558 02	3,223 55
Total expense.....	\$86,257 57	\$91,383 19	\$93,370 00	\$45,992 76
Net income	\$15,843 19	\$16,469 87	\$10,878 61	*\$1,529 58
Revenue passengers carried.....	1,128,404	1,223,151	1,196,082	576,106

*Indicates deficit.

It appears from the record that the present physical condition of the portion of the Ocean Beach line herein proposed to be abandoned is such that its rehabilitation is necessary at an estimated expenditure of \$125,000. The line between Macaulay and Rosecrans streets and Bacon and Voltaire streets is open track construction and for its principal portion is on a paved street. Proceedings are now pending before the city council of San Diego to require the entire paving of Voltaire street for its full width and although the applicant would not be required to defray any of the cost of paving (having been relieved from such obligation by vote of the electors of the city of San Diego) it would be necessary to rehabilitate the existing tracks with a permanent type of construction for paved streets, necessitating an estimated expenditure of \$100,000. If the service is to be continued over the present route between Ocean Beach and San Diego, the portion of the line between Rosecrans and Macaulay streets and Chatsworth boulevard will require reconstruction at an estimated expense of \$25,000.

It is proposed to suspend street car operation and abandon and remove approximately 2.12 miles of track. It is proposed to substitute motor bus service over all but .83 mile of such route, or the trackage between the intersection of Rosecrans and Macaulay streets and Voltaire and San Clemente streets. Traffic checks show the portion of the

line between Rosecrans and Macaulay streets and Bacon and Voltaire streets to be lightly patronized and the district between Rosecrans and Macaulay streets and Chatsworth boulevard, a distance of .83 mile to furnish practically no traffic. The establishment of the proposed motor bus service in lieu of street car service, and the considerable rehabilitation expense necessary to continue the street car service, will adequately care for the majority of the patrons now using the line, in that connection will be made at Bacon and Voltaire streets with the car service to be operated on the new high speed line now under construction between San Diego, Ocean Beach and Mission Beach. The operation of the new high speed line will reduce the time consumed between its terminus at State street and Broadway and Bacon and Voltaire streets by reason of approximately 75 per cent of the distance being over private right of way and the distance traversed being 1.48 miles less than the present routing of the Ocean Beach line as originally constructed by the Point Loma Railroad and as acquired and now operated by the applicant.

There was some protest offered to the proposed abandonment of rail service and substitution of bus service to care for the portion of the line which has heretofore been productive of traffic, but the record shows that the objections of the protestants have been reasonably met by the facilities to be offered and the shortening of the scheduled time between the Ocean Beach section and the business district of the city of San Diego. Objection was made by a resident of the section between Rosecrans and Macaulay streets and Chatsworth boulevard, where track and service abandonment is proposed and no substituted service is offered. This is a section of track operated over private right of way and through a sparsely settled territory producing practically no traffic and where the elimination of the unprofitable service will require a walk not exceeding four-tenths of a mile for the few patrons now served by the section of track proposed to be abandoned, and for whom the substitution of motor bus service will not be available.

After careful consideration of all the evidence and exhibits in this proceeding we are of the opinion that the applicant has justified the granting of the application, subject to the conditions as set forth in the following order.

ORDER.

San Diego Electric Railway Company, a corporation, having applied to the Railroad Commission for an order authorizing the discontinuance of service and abandonment of certain lines of its street railway system in the city of San Diego, public hearings having been held, the matter having been duly submitted and the Commission being now fully advised and basing its order on the statements of fact as appearing in the opinion which precedes this order;

It is hereby ordered, that applicant, San Diego Electric Railway Company, be and it hereby is authorized to suspend street car service and abandon and remove its tracks and appurtenances on the so-called Old Town line in the city of San Diego as heretofore given over the following route:

From the intersection of State and Ivy streets, thence on Ivy street to its intersection with India street, thence on India street to its intersection with Pierce street, thence on Pierce street to its intersection with California street, thence on California street to its intersection with La Jolla avenue, thence on La Jolla avenue to the south line of Witherby street, thence on the extension of India street and over private right of way and along Coutts street to the south line of Mason street.

Provided, however, that the suspension of service, abandonment and removal of trackage shall not be made until said applicant will have placed in regular operation in lieu of the street railway service herein authorized discontinued a motor bus service over the following described route:

Commencing at the intersection of India and B streets, thence along India street to E street, thence along E street to Third street, thence along Third street to B street, thence along B street to India street, thence along India street to Pierce street, thence on Pierce street to California street, thence along California street to La Jolla avenue, thence on La Jolla avenue to San Diego avenue, thence on San Diego avenue to Taylor street, thence on Taylor street to Moreno boulevard, thence on Moreno boulevard to a point between Buenos avenue and Cushman avenue.

And provided, further, that the removal of tracks herein authorized shall be completed within ninety (90) days from the date of suspension of street car operation as hereinbefore authorized, the restoration of the streets from which the tracks are to be removed to be made in a manner satisfactory to the city engineer of the city of San Diego.

It is hereby further ordered, that applicant, San Diego Electric Railway Company, be and it hereby is authorized to suspend street car service and to abandon and remove its tracks and appurtenances on the so-called Ocean Beach line in the city of San Diego as heretofore operated over the following route:

Between the intersection of Rosecrans street with Macaulay street and the intersection of Voltaire street with Bacon street.

Provided, however, that the suspension of service, abandonment and removal of tracks and appurtenances shall not be made until said applicant will have placed in regular operation in lieu of the street railway service herein authorized the new high speed railway service between Ocean Beach and Broadway and Kettner boulevard and have

placed in regular operation a motor bus service over the following described route:

From the intersection of Bacon and Voltaire streets easterly on Voltaire street to Chatsworth boulevard and southerly on Chatsworth boulevard to its intersection with Catalina boulevard.

And provided, further, that the removal of tracks and appurtenances herein authorized shall be completed within ninety (90) days from the date of suspension of street car operation as hereinbefore authorized, the restoration of the streets from which the tracks are to be removed to be made in a manner satisfactory to the city engineer of the city of San Diego.

Applicant is hereby required to file with this Commission written notification of the establishment of motor bus and connecting street railway service, and of the date upon which the abandonment and removal of tracks and appurtenances is completed, and as regards each of the abandonments hereinabove authorized.

Dated at San Francisco, California, this fourth day of February, 1924.

DECISION No. 13115.

IN THE MATTER OF THE APPLICATION OF SAN DIEGO ELECTRIC RAILWAY COMPANY, A CORPORATION, FOR AN ORDER AUTHORIZING IT TO CONSTRUCT, MAINTAIN AND OPERATE ITS STREET RAILWAY TRACKS UPON AND OVERHEAD CROSSING OVER THE TRACKS OF THE ATCHISON, TOPEKA AND SANTA FE RAILWAY COMPANY AND ACROSS TIDE STREET, IN SAN DIEGO.

Application No. 9177.

Decided February 4, 1924.

GRADE CROSSING—SEPARATION OF GRADES.—Cost apportioned San Diego Electric Railway Company authorized to construct an over grade crossing of the track of The Atchison, Topeka and Santa Fe Railway Company in Block 223, city of San Diego, at its sole expense; also to construct its track across Witherby street, with separated grades, at its sole expense; also a new highway under the tracks of The Atchison, Topeka and Santa Fe Railway Company at separated grades, the cost of the same to be borne, one-third by applicant and two-thirds by The Atchison, Topeka and Santa Fe Railway Company.

R. G. Dilworth, for Applicant.

Robert Brennan, for The Atchison, Topeka and Santa Fe Railway Company.

S. J. Higgins, City Attorney, by *Stanley T. Howc*, Deputy City Attorney, for the City of San Diego.

Wright and McKee, by *Dempster McKee*, for the La Jolla Stage Line.

Norman Smith, for the Navy Department.

S. Carder Smith, *in propria persona*, and for certain residents of Ocean Beach, Old Town and La Playa.

C. M. Monroe, for La Jolla Stage Line.

BY THE COMMISSION.

OPINION.

In this application San Diego Electric Railway Company asks for an order authorizing it to construct, maintain and operate an overhead crossing over and across the tracks of The Atchison, Topeka and Santa Fe Railway Company and across Tide street in the city of San Diego.

This matter was consolidated for hearing with Application No. 9095, in which the same applicant asks the authority of this Commission to abandon certain street railway service in San Diego. While the two applications were heard together they were not consolidated for decision, and since the proposals of the applicant in Application No. 9095 depend to a large extent on a decision in the application herein, separate decisions will be issued.

Public hearings were held in San Diego before Examiner Handford on August 16, 1923, and September 12, 1923.

San Diego Electric Railway Company proposes to establish high speed service between the city of San Diego and Mission Beach and in connection therewith proposes to discontinue certain of its existing service. This new fast service is along a new route. Leaving Broadway, San Diego, the new route is along Arctic street to Walnut street, thence on private right of way to Hancock street, which was to be followed to near Smith street. From this point the line was to be located upon private right of way. Applicant has secured franchises from the city of San Diego, including along Hancock street, which street crosses the main line of the Santa Fe between Los Angeles and San Diego near Ampudia street.

It was shown that subsequent to the filing of the application but prior to the first hearing the Santa Fe suggested to applicant an alternate location for applicant's proposed new line of railroad. The Santa Fe also advised the Commission that it suggested this alternate location and that the matter was under negotiation. The map later filed as the Commission's Exhibit No. 1 showing the proposed and alternate locations was submitted with this information. On this map applicant's proposed location is shown in green and the alternate location proposed by the Santa Fe is shown in red and throughout the hearings the two locations have been referred to as the green line or route and the red line or route.

The purpose of the alternate location suggested by the Santa Fe was to avoid a sharply acute angle crossing of the Santa Fe track and with some adjacent land which the Santa Fe purchased some years ago for use as a yard and engine terminal location. This property consists of a number of city blocks bounded by dedicated streets which are, however, in practically all cases, entirely unimproved and not used. The Santa Fe also applied to the city of San Diego to vacate these paper

streets so that the various blocks could be joined together in a large tract of land uncut by city streets and thus usable for yard purposes.

The red line location further proposed the elimination of the present grade crossing of Tide street and the track of the Santa Fe. This was to be accomplished by relocating Tide street as shown on the Commission's Exhibit No. 1 and carrying it under the tracks of the Santa Fe in a subway. This proposal involved the consent of the city to thus change Tide street.

At the first hearing the applicant agreed to change its location from the green line to the red line and amended its application accordingly. Also, the Commission's engineer stated that the red line location appeared to be superior to that originally proposed by the company.

The traffic across the present grade crossing of Tide street and the Santa Fe was shown to be 4567 vehicles of various kinds on August 15, 1923, between the hours of 6 a.m. and 8 p.m. The railroad traffic was fifteen movements between the same hours on September 11, 1923. The evidence indicates that the Sunday and holiday traffic (vehicular) is largely in excess of the figures submitted.

Several estimates were submitted both by the applicant and the Santa Fe as to cost of construction on both the green and red lines but since these estimates were predicated upon different types of construction, upon different numbers of tracks on both the electric lines and the steam railroad and upon different elevations they were not comparable and it was then stipulated that if the red line be adopted the proposed crossing of the applicant over the Santa Fe should provide for one of applicant's tracks and three Santa Fe tracks, the existing main line track and two side tracks, to be located respectively fourteen and twenty-eight feet southerly from and parallel to the present main line track of the Santa Fe.

It was also stipulated that the Santa Fe would appear before the city council of San Diego with reference to its application to close the above numbered streets now located on its proposed terminal grounds and with reference to the relocation of Tide street and the matter was submitted with the understanding that the action then taken by the city council would be certified to the Commission and become of record in this proceeding. The city council of the city of San Diego by its Resolution 2984 adopted September 17, 1923, granted the petition for closing the streets crossing the Santa Fe terminal grounds and the relocation of Tide street subject to certain conditions among which are that the Santa Fe would acquire and deliver to the city of San Diego the necessary rights of way and easement for the construction of new Tide street according to a certain map which is the same as the city of San Diego's Exhibit No. 2. Where the two railroads are crossed the

new route of Tide street is in Witherby street which name will hereinafter be used. A second condition is the construction of a subway on this new route, none of the expense of which was to be borne by the city. The action of the city has thus now made possible the construction of applicant's line of railroad on the red line.

The resolution of the city council of San Diego above referred to provided that both railroads, within ten days of its adoption, should file a written acceptance. This has been done.

Approaching the crossing from the east, the plan is for applicant's railroad to raise to sufficient clearance over the Santa Fe on a wooden trestle, to cross the Santa Fe on a steel span, to then continue to Tide street on another wooden trestle, to cross Witherby street by means of a steel span and thence to descend on the west side of the two crossings by means of another wooden trestle. The crossing of Witherby street under the Santa Fe is planned to be made by depression of the street, leaving the Santa Fe track at present grade.

Applicant has agreed to pay all of the cost of constructing its new line across the Santa Fe and across Witherby street, including the trestle approaches above mentioned. The cost of this according to applicant's Exhibit No. 8 and the Santa Fe's Exhibit No. 5, is estimated as follows:

	Applicant	Santa Fe
Trestle approaches-----	\$70,365 00	\$54,725 00
Steel span and concrete piers for crossing over Santa Fe -----	75,994 00	59,692 00
Steel span and concrete piers for crossing over New Tide street-----	44,576 00	35,799 00
Total -----	\$190,935 00	\$150,216 00

These estimates are quite different in amount but since the San Diego Electric agreed to bear the cost of this work it is not necessary to make any attempt at their reconciliation. They do, however, indicate the magnitude of the work.

As to the relocation of Tide and the construction of a subway in Witherby street under the Santa Fe there is also a difference between the estimates of the applicant and the Santa Fe as follows:

Estimate of Applicant (Applicant Exhibit No. 8)-----	\$99,722 23
Estimate of Santa Fe (A. T. & S. Fe Ry. Exhibit No. 5)-----	91,256 00

In these last estimates the quantities and the unit prices applied thereto by both parties are practically alike. Applicant, however, has added an additional 10 per cent which practically explains the difference between the totals of the estimates.

San Diego Electric Railway Company is willing to pay one-half of the cost of changing the highway but is not willing to bear any part of the cost of grade separation between the new highway (Witherby

street) and the Santa Fe. The Santa Fe, on the other hand, does not believe that it should be required to pay more than one-half of the total cost of changing the highway and separating the grades. The apportionment of the cost not having been agreed to by the interested parties is by stipulation now before the Commission.

Applicant's first location (the green line) as located in Hancock street, cuts diagonally across the terminal properties of the Santa Fe. The adoption of the new location (the red line) removes this objection. The Santa Fe is also benefited by the closing by the city of the streets across these properties as this not only makes possible their use for terminal facilities but also actually increases the area of its land. By acceptance of the resolution the Santa Fe has obligated itself to compensate the city in various ways, among which there must be considered its proportion of the cost of relieving the city of any part of the expense of the new highway and subway. The Santa Fe will also be benefited by the elimination of the existing heavily traveled Tide street grade crossing.

San Diego Electric Railway Company by virtue of the adoption of the red line will be enabled to make its crossings of the Santa Fe and Tide street at less expense, as the structure, considered as a whole, will be shorter. In the proposed construction along the green line applicant's railroad would cross Tide street overhead, with a trestle approach to the span across this street. Applicant would therefore by reason of obstructing the view of travelers on the highway of the Santa Fe trains add somewhat to the hazard of the existing Santa Fe crossing of Tide street. The construction along the red line will do away with the present grade crossing of the San Diego Electric located in Tide street and the tracks of the Santa Fe. Applicant also benefits from the possibility of a track connection between its new high speed railroad to be located along the red line and the existing trackage in Tide street adjacent to the United States Marine Base.

After careful consideration of all of the evidence and record herein and the position of both the railroads with respect to the cost of relocating Tide street and grade separation of the Santa Fe crossing we are of the opinion and hereby conclude that it would be equitable for the San Diego Electric Railway Company to bear one-third and The Atchison, Topeka and Santa Fe Railway Company two-thirds of such cost.

The items, the cost of which is to be so divided, are considered as those shown in applicant's Exhibit No. 8 and Santa Fe's Exhibit No. 5. The exchange of land between the Santa Fe and the city of San Diego as involved in the relocation of Tide street is not to be considered as involved in the cost to be apportioned between the Santa Fe and the applicant. Also, it is understood that the Santa Fe will provide free

to applicant a right of way for applicant where the red line crosses Santa Fe property in Blocks 223, 542, 326, 327 and 328, as shown on Commission's Exhibit No. 1, and this right of way is also not to be considered as an item in the cost of the relocation of Tide street.

ORDER.

San Diego Electric Railway Company having applied to the Commission for permission to construct, maintain and operate its street railway tracks upon an overhead crossing over the tracks of The Atchison, Topeka and Santa Fe Railway Company and over Tide street, all in the city of San Diego, public hearings having been held, the matter having been duly submitted and the Commission being now fully advised and basing its order upon the conclusion and findings as appearing in the opinion which precedes this order;

It is hereby ordered, that applicant be and it hereby is authorized to construct an overgrade crossing of the track of The Atchison, Topeka and Santa Fe Railway Company in Block 223 in the city of San Diego, county of San Diego, State of California, subject to the following conditions:

(1) The entire expense of constructing the crossing together with the cost of its maintenance thereafter shall be borne by applicant.

(2) Said crossing shall be constructed at the location in the city of San Diego as shown on the Commission's Exhibit No. 1 in the application herein.

(3) Said crossing shall consist of one track of applicant crossing the three tracks of The Atchison, Topeka and Santa Fe Railway Company, namely, the existing main line track together with two side tracks of The Atchison, Topeka and Santa Fe Railway Company to be located, respectively, fourteen and twenty-eight feet southerly from and parallel to said main line track and said crossing shall be constructed by the elevation of applicant's track above the track of The Atchison, Topeka and Santa Fe Railway Company, which is to be left at its present elevation.

(4) Said crossing shall be constructed according to plans which shall have been approved by this Commission.

(5) Said crossing shall be constructed with clearances to conform with the Commission's General Order No. 26.

(6) The authorization herein granted for the installation of said crossing will lapse and become void one year from the date of this order unless further time is granted by subsequent order.

It is hereby further ordered, that applicant be and it is hereby authorized to construct its track across Witherby street, near its intersection of Kurtz street, in the city of San Diego, county of San Diego, State of California, subject to the following conditions:

(1) The entire expense of constructing the crossing together with the cost of its maintenance thereafter for the safe and convenient use of the public shall be borne by applicant.

(2) Said crossing shall be constructed in the location shown on the red line on Commission's Exhibit No. 1 in the application herein.

(3) Said crossing shall be constructed with separated grades according to plans which shall have been approved by the Commission.

(4) Said crossing shall be constructed with a roadway thirty feet in width and with one sidewalk six feet in width to be located on the easterly side of said street and approximately six feet above the elevation of said roadway. Grades of approach of said roadway to said crossing shall not be in excess of five per cent and on said sidewalk shall not be in excess of ten per cent.

(5) The authorization herein granted for the installation of said crossing will lapse and become void one year from the date of this order unless further time is granted by subsequent order.

It is hereby further ordered, that if and when applicant commences the construction of the new line of railroad as shown by the red line on the Commission's Exhibit No. 1, applicant and The Atchison, Topeka and Santa Fe Railway Company shall forthwith proceed with the construction of a new highway as shown by "proposed location of highway" on the city of San Diego's Exhibit No. 2, said new highway to be constructed at separated grades where it crosses the existing track of The Atchison, Topeka and Santa Fe Railway Company and shall complete the construction of said new highway and subway within six months from the commencement of construction thereof.

It is hereby further ordered, that the cost, as considered in the foregoing opinion, of construction of said new highway, including the cost of a separated grade crossing with said The Atchison, Topeka and Santa Fe Railway Company, shall be borne one-third by applicant and two-thirds by The Atchison, Topeka and Santa Fe Railway Company; that the said separated grade crossing shall be made by constructing said new highway under the track of The Atchison, Topeka and Santa Fe Railway Company; that said under crossing shall be constructed with a paved highway for the use of vehicles not less than thirty feet in width, with grades of approach not in excess of five (5) per cent and with a sidewalk six feet in width elevated approximately six feet above the elevation of the roadway, said sidewalk to have grades of approach not in excess of ten (10) per cent and to be located on the easterly side of said highway and that, further, said under crossing shall be constructed in accordance with plans which shall have been approved by the Commission.

It is hereby further ordered, that the existing grade crossing of the track of applicant and that of The Atchison, Topeka and Santa Fe

Railway Company located in Hortensia street between Hancock street and Kurtz street be and it is hereby abolished when applicant shall have commenced service on the new line of railroad involved in this proceeding and that applicant shall bear the expense of abolishing said crossing.

It is hereby further ordered, that the grade crossing of Tide street and the track of The Atchison, Topeka and Santa Fe Railway Company as shown on the Commission's Exhibit No. 1 be and it is hereby abolished when the new highway herein ordered to be constructed by the applicant and the Santa Fe shall have been opened for traffic and that The Atchison, Topeka and Santa Fe Railway Company shall bear the expense of abolishing said crossing.

It is hereby further ordered, that the Commission reserves the right to make such further orders relative to the location, construction, operation, maintenance and protection of said crossings as to it may seem right and proper and to revoke its permission if, in its judgment, the public convenience and necessity demand such action.

This order shall become effective twenty (20) days after the making thereof.

Dated at San Francisco, California, this fourth day of February, 1924.

DECISION No. 13116.

PRATT-LOW PRESERVING COMPANY

vs.

SOUTHERN PACIFIC COMPANY.

Case No. 1920.

Decided February 4, 1924.

RATES—RAILROAD—CARLOAD SERVICE.—Rates charged on shipments on fresh fruit and empty carriers from San Jose to Santa Clara found applicable and not unreasonable. Rate charged against shipments of tin cans from San Jose to Santa Clara, April 6, 1921 to December 9, 1921, found excessive. Reparation awarded. Section 1 of Rule 15 Consolidated Freight Classification No. 2, C. R. C. 240, found not to apply to consignments forwarded as carloads and receiving carload service from industry tracks to industry tracks.

A. Larsson, for Complainant.

F. W. Mielke and H. W. Klein, for Defendant.

BY THE COMMISSION.

OPINION.

Complainant operates a plant for the preserving of fruit at Santa Clara. By complaint filed June 12, 1923, it alleges that the rates charged by the defendant during the period between April 6, 1921, and

December 9, 1921, on certain carload shipments of tin cans from San Jose to Santa Clara, fresh fruit between Santa Clara and San Jose and empty carriers returning from Santa Clara to San Jose were unjust, unreasonable and in violation of section 13 of the Public Utilities Act and in violation of lawful tariff rate, in that the rates charged exceeded a less than carload commodity rate of 3 cents per 100 pounds in effect between San Jose and Santa Clara.

Reparation only is sought.

Rates will be stated in cents per 100 pounds.

The rate applied on cans, San Jose to Santa Clara, prior to July 11, 1921, was 7 cents, which was a commodity rate of 5 cents on freight, regardless of classification (except petroleum and petroleum products, and freight in tank cars) from Campbell to San Jose, plus 2 cents, a carload commodity rate on freight regardless of classification (except cement) from San Jose to Santa Clara. The 2 cent rate from San Jose to Santa Clara was a proportional rate and applied only when incidental to a line haul.

Effective July 11, 1921, there was established a specific carload commodity rate on tin cans of $3\frac{1}{2}$ cents from San Jose to Santa Clara.

The rate applied on fresh fruit was $3\frac{1}{2}$ cents, a carload commodity rate between San Jose and Santa Clara.

On empty carriers returning there was applied a rate of 9 cents, the minimum Class B rate, subject to a minimum charge of \$8.

There was at date of shipments a less than carload commodity rate of 3 cents from San Jose to Santa Clara and from Santa Clara to San Jose, which rate, when originally published in 1899, was established as a proportional rate to place Santa Clara on a favorable basis with San Jose on traffic originating at points beyond. It is this rate complainant alleges should be applied to the shipments in question.

There is no tariff provision for the application of this less than carload rate from and to industry tracks at either San Jose or Santa Clara. Complainant contends that section 1 of Rule 15, Consolidated Freight Classification No. 2, C. R. C. 240, is authority for the application of less than carload rates on carload traffic. Section 1 of Rule 15 is entitled "Charge for less carload shipments not to exceed charge on carload basis," and provides:

Except as provided in sections 2 and 3 the charge for a less than carload shipment must not exceed the charge for a minimum carload of the same freight at the carload rate; the charge for a car fully loaded must not exceed the charge for the same lot of freight if taken as a less than carload shipment.

Cars were placed on industry tracks at point of origin, were given carload service while in transit and, finally, as carloads, were placed on industry tracks at destination. The literal interpretation of this rule simply means that if the carrier accepts a shipment offered as

less than carload but which completely fills the car, the shipper will not be deprived of the benefit of the less than carload rate. The rule does not provide that when a car completely filled with freight is tendered, no greater charge than the less than carload rates may be applied.

Less than carload rates in the tariffs of this defendant do not permit of delivery to industry tracks, and the consignor, having demanded and received carload service—that is, from industry track at the point of origin to industry track at the point of destination—can not have the benefit of the less than carload rates which apply only from depot to depot. It is, therefore, impossible to read into the tariff the theory that under Rule 15 less than carload rates are to apply on carload traffic when consignments are tendered as carloads and transported as such.

Furthermore, the Pacific Freight Tariff Bureau Exception Sheet 1-G, C. R. C. 225, by Rule 95, requires that all packages of less than carload freight must be marked. This was not done in connection with the shipments involved in this proceedings.

When shipments are tendered as carloads and receive carload service, the carload rates will be applied.

Passow & Sons vs. C. M. & St. P., 37, I. C. C. 711;

Selnicker Supply Co. vs. T. & O., 51, I. C. C. 133;

Columbian Iron Works vs. Southern Ry., 45, I. C. C. 173;

Pacific Construction Co. vs. S. P., 1, C. R. C. 110.

Complainant presented exhibits purporting to show that the less than carload commodity rate was a just and reasonable rate to apply on carload traffic between San Jose and Santa Clara, and by the same means that the carload rates assessed were unreasonable to the extent they exceeded the less than carload rates. The handling as less than carload from depot in San Jose to depot in Santa Clara involves a haul of 2.6 miles, while the handling of carload traffic from industry at San Jose to industry at Santa Clara involves a haul of 3.25 miles and a different kind of service.

Complainant further contends that the carload shipments should enjoy the less carload rate, because the bill of lading covering these carload shipments did not have notation:

This is a carload at shipper's request and must not be delivered at less than minimum carload rate and weight.

This notation is from Rule 1 of Pacific Freight Tariff Bureau Exception Sheet 1-G, C. R. C. 221, which is entitled: "Exclusive Use of Car for Less than Carload Traffic," and provides, in part:

Less than carload shipments of commodities rated both in carloads and less than carloads, loaded in cars which, at shipper's request are to run through without other

loading, will be subject to minimum charge equivalent to carload rate on carload minimum weight. The following notation must be placed on bills of lading, way-bills and transfer slips for same:

"This is a carload at shipper's request and must not be delivered at less than minimum carload rating and weight."

It is complainant's contention that all shipments tendered as carload should have such a notation on the bill of lading, otherwise the less carload rates should be applied. Such a contention is unwarranted by any tariff rule, practice or decision, and we are unable to sanction such an interpretation. The rule clearly provides that when a shipper desires the exclusive use of a car for less carload traffic such service will be furnished when proper notation is made on the bill of lading and carload rates assessed.

Complainant further contends that Item 1840, Southern Pacific Tariff 730-A, C. R. C. 2436, reading:

Commodity Freight (except cement) regard- less of classification—	From	To	Rate in cents per 100 lbs., except as noted in indi- vidual items
Carloads -----	San Jose, Cal	Santa Clara, Cal	*2 cents

*Applies only when incidental to a line haul.

will apply on traffic upon which a line haul has at one time been performed, delivery taken and the shipment at a later date reshipped, a new bill of lading issued and the shipment treated as an entirely new transaction. Diversion and reconsignment are not in issue. The rate named is a proportional rate to be used in the construction of a through rate. In the absence of tariff provision after consignee has broken the seals of the car and has accepted and assumed full dominion and control over a shipment, it loses its identity as through traffic and the factors entering into the construction of such a through rate can not be protected.

To place complainant's interpretation on this item would mean that the rate could be protected on any shipment regardless of date made, and could be applied on a shipment enjoying a line haul many years previous to the final haul. Clearly, such an interpretation is impossible.

Both complainant and defendant offered in evidence exhibits supporting their views and contentions. All of these have been carefully noted, considered and given their due credit.

Under the circumstances and conditions we find that the Class B rate, subject to a minimum charge of \$8 per car, on empty crates, returning, and the rate of $3\frac{1}{2}$ cents per 100 pounds on fresh fruits and on tin cans, carloads, has not, on this record been shown to be, *per se*, unreasonable, preferential, discriminatory or otherwise unlawful.

We find that the rates assessed on the carload shipments of tin cans moved between the period April 6, 1921, and July 11, 1921, were

unreasonable to the extent they exceeded the rate of $3\frac{1}{2}$ cents, minimum charge \$10 per car, established July 11, 1921, which rate we find just and reasonable; that complainant made the shipments as described, paid and bore the charges, and has been damaged to the amount of the difference between the charges paid and those which would have accrued upon the basis found reasonable, and is entitled to reparation with interest. The complainant should submit statement of shipments to the defendant for check. Should it not be possible to reach an agreement, the matter may be referred to this Commission for further consideration and the entry of a supplemental order, should such be necessary.

This reparation award shall not apply to shipments for which payments were made more than two (2) years prior to the filing of informal complaint No. 27288, April 7, 1923.

Having found that the rates charged on the carload shipments of fresh fruit and empty carriers, returned, were not unreasonable, preferential, discriminatory, or otherwise unlawful, the complaint is dismissed as to the part covering those commodities.

ORDER.

This case being at issue upon complaint and answers on file, having been duly submitted by the parties, full investigation of the matters and things involved having been had, the Commission being fully advised in the premises, and basing its order on the findings of fact contained in the opinion which precedes this order;

It is hereby ordered, that the defendant be, and it is hereby authorized and directed to pay as reparation unto complainants, amounts, with interest, equal to the difference between the charges paid and those which would have accrued, at rate of $3\frac{1}{2}$ cents per 100 pounds, minimum \$10 per car, against carload shipments of tin cans moved from San Jose to Santa Clara during the period April 6, 1921, to and including July 10, 1921. This reparation order shall not apply to shipments for which payments were made more than two (2) years prior to the filing of informal complaint, No. 27288, April 7, 1923.

It is hereby further ordered, that as to all other issues the proceeding be dismissed.

Dated at San Francisco, California, this fourth day of February, 1924.

DECISION No. 13117,

IN THE MATTER OF THE APPLICATION OF THE EAST BAY WATER COMPANY, A CORPORATION, FOR AN ORDER AUTHORIZING THE ISSUE OF BONDS AND STOCK, OR NOTES.

Application No. 9571.

Decided February 4, 1924.

SECURITIES—WATER UTILITY.—East Bay Water Company is authorized to issue not exceeding \$2,250,000 par value of its unifying and refunding mortgage bonds, and not exceeding \$1,162,500 par value of its six per cent Class A preferred stock, or not exceeding \$3,158,000 par value of notes, for the purpose of acquiring the necessary properties and constructing the Upper San Leandro Project.

SUPERVISION OF CONSTRUCTION.—The Commission holds that it does not think the company should be required to submit to supervision by the East Bay Municipal Utilities District during construction of the project.

Edwin O. Edgerton and Arthur G. Tasheira, for Applicant.

W. J. Locke, for East Bay Municipal Utilities District and City of Alameda.

Leon E. Gray, City Attorney, for City of Oakland.

Lemuel D. Sanderson, City Attorney, for City of Berkeley.

BY THE COMMISSION.

OPINION.

East Bay Water Company asks permission to issue not exceeding \$2,250,000 of its unifying and refunding mortgage bonds and not exceeding \$1,162,500 of its 6 per cent Class "A" cumulative preferred stock, or in lieu of such bonds and stock not exceeding \$3,158,000 of unsecured notes, for the purpose of acquiring properties and constructing what in this proceeding has been referred to as the Upper San Leandro Project.

The cost of the Upper San Leandro Project, exclusive of the cost of lands, water rights, and rights of way, is estimated by applicant at \$2,387,991. This amount is made up of the following items:

Reservoir.

Clearing 500 acres at \$100-----	\$50,000 00	\$50,000 00
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Dam.

Diversion dam—

Stripping -----	5,000 00	
Cutoff -----	5,000 00	
Fill—82,700 cubic yards at \$0.90-----	74,430 00	
Diversion tunnel, 1,037 lineal feet at \$40-----	41,480 00	
Diversion tower-----	20,000 00	
Tunnel portal approaches-----	1,000 00	146,910 00

Main dam—

Clearing dam site and borrow pit—11 acres at \$100	1,100 00	
Stripping 7700 cubic yards at \$0.60-----	4,620 00	
Puddle trench excavation 3500 cubic yards at \$1.50	5,250 00	
Sluiced fill, 1,177,000 cubic yards at \$0.40-----	470,800 00	
Concrete facing, 26,200 square yards at \$2.50----	65,500 00	547,270 00

Open Spillway.

Excavation—50,000 cubic yards at \$0.50-----	\$25,000 00	
Concrete lining and headworks 1500 cubic yards at \$20-----	30,000 00	\$55,000 00

Road Construction.

8.5 miles at \$15,000 per mile-----	127,500 00	
Fencing 17 miles at \$500 per mile-----	8,500 00	136,000 00

Supply Tunnel—Concrete Lined.

Tunnel, 500 lineal feet at \$35-----	17,500 00	
Control tower-----	20,000 00	
6327 lineal feet at \$37.50-----	237,562 50	
Portals and approaches-----	1,500 00	

Grass Valley Shaft.

215 lineal feet at \$50-----	10,750 00	
Backfill in shaft-----	1,000 00	288,312 50

Filtration Plant.

12 m.g.d. at \$40,000 per m.g.-----	480 000 00	480,000 00
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Transmission System.

Conduit tunnel to filter plant at Thirty-ninth avenue reservoir—20,000 lineal feet 36" riveted steel pipe at \$10-----	200,000 00	
Thirty-ninth avenue reservoir to Piedmont reservoir, 16,000 lineal feet 20" at \$5 per lineal foot-----	80,000 00	
Pumping plant, Piedmont booster-----	7,500 00	287,500 00

Sub-total -----		\$1,989,992 50
Add 20 per cent for contingencies, overhead, interest during construction, engineering, etc.-----		397,998 50
Total -----		\$2,388,991 00

It is of record that the estimates submitted have been carefully prepared, though it is realized that the actual cost will possibly vary from the estimates. The cost of lands, water rights and rights of way which the company must acquire in connection with the San Leandro Project, is estimated at about \$500,000.

This application, in so far as it involves the issue of securities, is general in its terms. The company has entered into no contract for the sale of any of its securities. If, following this decision, applicant concludes to proceed with the construction of the Upper San Leandro Project, it will file a supplemental application asking the Commission to determine what securities it may sell to pay the cost of such construction and the terms and conditions under which the securities may be sold.

The evidence thus far introduced in this proceeding has largely to do with the construction of the Upper San Leandro Project. It is agreed by all that additional water should at once be made available to the East Bay communities. There is, however, disagreement as to whether the construction of the Upper San Leandro Project will make

any additional water available and whether, in view of this contingency, the construction should now be undertaken.

The company through its president, states that it is willing to proceed with the construction of the Upper San Leandro Project if authorized so to do and if no insurmountable obstacles are interposed, but that it will not insist that it be allowed to go ahead with the construction. The company introduced evidence showing its present water resources, the necessity for the development of an additional water supply, the feasibility and practicability of the Upper San Leandro Project and the probable cost of such project. Representatives of the East Bay Municipal Utilities District believe that the construction of the Upper San Leandro Project should be undertaken forthwith, provided that a representative of the district be permitted to act in an advisory capacity and that the district be kept informed as to the cost of the project as construction proceeds. The city of Oakland is opposed to the construction of the Upper San Leandro Project on the ground that not sufficient data has been filed which warrants the conclusion that such construction will actually relieve the threatened water shortage. It urges that any rainfall which will make an additional water supply available through the construction of the Upper San Leandro reservoir, will partially or completely fill the San Pablo reservoir, which reservoir has so large a capacity that when it is once filled, all danger of a water shortage is removed.

The company, it seems to us from statements made by its president, is opposed to any supervision of the construction by the East Bay Municipal Utilities District. He takes the position that the definite control and direction of the construction must be with the company. Moreover, he doubts whether the directors of the company can legally shift the responsibility resting upon their shoulders at all times for the proper investment of the stockholders' money. We do not think that the Commission should, by a condition in this order, require the company to submit to a supervision by the East Bay Municipal Utilities District. We believe that the responsibility for an additional water supply for the East Bay section rests with the East Bay Water Company. The Commission expects utilities, without formal order, to extend their facilities and to place themselves in a position where they can give proper and adequate service. The East Bay Water Company seems to realize this and has taken the initiative in preparing cost estimates and in submitting evidence which it thinks justifies the construction of the Upper San Leandro reservoir and appurtenances. The Commission will authorize the issue of bonds and stock, or notes, for the purpose of acquiring the necessary properties and constructing the Upper San Leandro Project; but any investment made in such project, will not, so far as this Commission is concerned, rest on any

different footing than the investments heretofore made by the East Bay Water Company, or similar investments by other utilities.

ORDER.

East Bay Water Company having applied to the Railroad Commission for permission to issue bonds and stock, or notes, as indicated in the foregoing opinion and for the purposes indicated in such opinion, a public hearing having been held and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for by the issue of such bonds, stock or notes is reasonably required by applicant and that this application should be granted, as herein provided; therefore

It is hereby ordered, that East Bay Water Company be and it is hereby authorized to issue not exceeding \$2,250,000 par value of its unifying and refunding mortgage bonds, and not exceeding \$1,162,500 par value of its 6 per cent Class "A" preferred stock, or issue in lieu of such bonds and stock not exceeding \$3,158,000 par value of notes; all for the purpose of acquiring the necessary properties and constructing the Upper San Leandro Project referred to in this proceeding, provided that none of the bonds, stock or notes be sold and delivered until the Commission by supplemental order has defined the terms and conditions under which said bonds and stock, or notes, may be sold.

Dated at San Francisco, California, this fourth day of February, 1924.

DECISION No. 13118.

IN THE MATTER OF THE APPLICATION OF SAN DIEGO ELECTRIC RAILWAY COMPANY FOR PERMISSION TO PURCHASE ALL THE PHYSICAL PROPERTIES OF THE BAY SHORE RAILROAD COMPANY AND FOR AUTHORIZATION TO BAY SHORE RAILROAD COMPANY TO SELL SAID PHYSICAL PROPERTIES.

Application No. 9642.

Decided February 4, 1924.

BY THE COMMISSION.

ORDER.

San Diego Electric Railway Company having made application to purchase all the physical properties of Bay Shore Railroad Company (except its franchise to be a corporation), including its franchise to operate its line of street railway, for a total cash sum of \$2,256, the net salvage value of said physical properties, and Bay Shore Railroad Company having joined in said application and having requested per-

mission to sell to San Diego Electric Railway Company the properties above enumerated for the consideration stated above, investigation having been made and the Commission being of the opinion that this is not a matter in which a public hearing is necessary, and that this application should be granted;

It is hereby ordered, that this application be and it is hereby granted: provided, however, that nothing herein contained shall be construed as a permit to San Diego Electric Railway Company to abandon said line of street railway.

Dated at San Francisco, California, this fourth day of February, 1924.

DECISION No. 13120.

IN THE MATTER OF THE APPLICATION OF HERMOSA-REDONDO WATER COMPANY, HERMOSA BEACH WATER CORPORATION AND REDONDO WATER COMPANY FOR AUTHORITY FOR THE HERMOSA-REDONDO WATER COMPANY TO PURCHASE THE PROPERTIES OF THE HERMOSA BEACH WATER CORPORATION AND THE REDONDO WATER COMPANY AND FOR THE LATTER TWO COMPANIES TO SELL THEIR RESPECTIVE PROPERTIES AND FOR AUTHORITY FOR THE HERMOSA-REDONDO WATER COMPANY TO ISSUE SHARES OF ITS COMMON STOCK OF THE PAR VALUE OF TWO HUNDRED FIFTY THOUSAND DOLLARS. SHARES OF ITS PREFERRED STOCK OF THE PAR VALUE OF FIFTY THOUSAND DOLLARS AND ITS FIRST MORTGAGE BONDS OF THE FACE VALUE OF THREE HUNDRED FIFTY THOUSAND DOLLARS.

Application No. 9528.

Decided February 5, 1924.

BY THE COMMISSION.

FIRST SUPPLEMENTAL OPINION.

On December 28, 1923, by Decision No. 12963 in the above entitled matter, the Railroad Commission authorized Hermosa-Redondo Water Company to issue, subject to the conditions of the order in said decision, \$110,000 of common stock, \$50,000 of preferred stock and \$350,000 of 6½ per cent first mortgage sinking fund gold bonds due December 1, 1953. In its original application applicant asked permission to issue \$250,000 of common stock, \$50,000 of preferred stock and \$350,000 of bonds.

On January 25th the Commission granted applicants a rehearing for the purpose of introducing additional evidence. A further hearing was had on January 29th before Examiner Fankhauser. At this hearing applicants introduced evidence showing that Hermosa-Redondo Water Company could readily sell for irrigation uses the water produced on the Redondo Water Company system, should it be concluded not to continue to sell such water for domestic use. Evidence was also

introduced showing that the water of the Redondo Water Company by proper treatment can be made safe and not objectionable for domestic use.

There was also received in evidence reports prepared by the Commission's engineering department. It is not thought necessary to refer to such reports in detail, for the reason that the conclusions therein contained in regard to the cost or value of the properties of Redondo Water Company and Hermosa Beach Water Corporation are in substantial accord with the conclusions in the report of The Chester H. Loveland Engineers and with other evidence introduced, which report and evidence were considered by the Commission.

In view of the additional evidence introduced, we think that the Commission's order of December 28, 1923, should be modified so as to permit the Hermosa-Redondo Water Company to issue \$140,000 instead of \$110,000 of common stock.

On February 1, 1924, applicants filed with the Commission a revised copy of the proposed deed of trust of Hermosa-Redondo Water Company, which deed of trust is in satisfactory form.

FIRST SUPPLEMENTAL ORDER.

A rehearing having been had on the above entitled matter, additional evidence having been submitted and the Commission having considered such evidence and being of the opinion that such additional evidence warrants the issue of \$30,000 of additional common stock, and that the money, property or labor to be procured or paid for by such issue is reasonably required by the Hermosa-Redondo Water Company;

It is hereby ordered, that paragraph one of the order in Decision No. 12963, dated December 28, 1923, reading

1. Redondo Water Company and Hermosa Beach Water Corporation are hereby authorized to sell their properties described in this application to Hermosa-Redondo Water Company, which company may purchase such properties and issue in payment therefor, provided it acquires the properties free and clear of all encumbrances, \$110,000 of common stock, \$50,000 of 7 per cent cumulative preferred stock and pay \$222,000 in cash, such cash payment to be adjusted because of property retired or additions and betterments installed and because of consumers, deposits received or to be returned, all as set forth in the application,

be and it is hereby amended so as to read:

1. Redondo Water Company and Hermosa Beach Water Corporation are hereby authorized to sell their properties described in this application to Hermosa-Redondo Water Company, which company may purchase such properties and issue to such companies or their order in payment for said properties, provided it acquires the properties free and clear of all encumbrances, \$140,000 of common stock, \$50,000 of 7 per cent cumulative preferred stock and pay \$222,000 in cash, such cash payment to be adjusted because of property retired or

additions and betterments installed and because of consumers' deposits received or to be returned, all as set forth in the application.

It is hereby further ordered, that paragraph two of the order in Decision No. 12963, dated December 28, 1923, reading

2. Hermosa-Redondo Water Company may issue not exceeding \$110,000 of common stock; not exceeding \$50,000 of 7 per cent cumulative preferred stock; and not exceeding \$350,000 of 6½ per cent first mortgage sinking fund gold bonds due December 1, 1953.

be and it is hereby modified so as to read:

2. Hermosa-Redondo Water Company may issue not exceeding \$140,000 of common stock; not exceeding \$50,000 of 7 per cent cumulative preferred stock; and not exceeding \$350,000 of 6½ per cent first mortgage sinking fund gold bonds due December 1, 1953.

It is hereby further ordered, that the provision of the order in Decision No. 12963, dated December 28, 1923, reading

It is hereby further ordered, that this application, in so far as it involves the issue of \$140,000 of common stock be and it is hereby dismissed without prejudice.

be and it is hereby modified so as to read:

It is hereby further ordered, that this application in so far as it relates to the issue of \$110,000 of common stock be and it is hereby dismissed without prejudice.

It is hereby further ordered, that Hermosa-Redondo Water Company be and it is hereby authorized to execute a deed of trust substantially in the same form as the deed of trust filed with the Railroad Commission on February 1, 1924, provided that the authority herein granted to execute a deed of trust is for the purpose of this proceeding only, and is granted in so far as this Commission has jurisdiction under the terms of the Public Utilities Act, and is not intended as an approval of said deed of trust as to such other legal requirements to which said deed of trust may be subject.

It is hereby further ordered, that the order in Decision No. 12963, dated December 28, 1923, shall remain in full force and effect, except as modified by this first supplemental order.

Dated at San Francisco, California, this fifth day of February, 1924.

DECISION No. 13122.

IN THE MATTER OF THE APPLICATION OF SUTTER-BUTTE CANAL COMPANY, A CORPORATION, FOR AN INCREASE IN RATES.

Application No. 9478.

Decided February 6, 1924.

RATES—WATER UTILITY—REASONABLE RETURN.—In denying an increase of rates asked for by Sutter-Butte Canal Company the Commission finds that, based
29—29729

on an average of the areas irrigated during the last four years the utility would under present rates receive revenues sufficiently large to care for maintenance and operation expense and depreciation annuity, and an average rate of return on a reasonable rate base of six per cent. Holding that such a rate of return can not be considered unreasonably low, the Commission finds that an increase is not justified, but on the other hand would result in a further loss of revenue due to further reduction in use of water.

Derlin and Brookman, by *Douglas Brookman, Isaac Frohman and Henry Ingram*, for Applicant.

George F. Jones, for Butte County Water Users Association and Butte County Farm Bureau.

J. M. McGee, in *propria persona*.

C. W. Somerby, for Biggs Ditch Company.

J. J. Deuel and L. S. Wing, by *L. S. Wing*, for California Farm Bureau Federation.

WHITTLESEY, *Commissioner*.

OPINION.

In the above entitled proceeding the Sutter-Butte Canal Company makes application to the Railroad Commission for authority to increase its rates for water supplied for irrigation purposes to lands located in Butte and Sutter counties, California. It is alleged in effect that the present rate schedule which was established by this Commission in its Decision No. 10372, rendered April 26, 1922, on Application No. 7317, has been effective for the past two irrigation seasons and does not yield the revenue necessary to cover reasonable annual charges for the system including the interest return which the above mentioned decision indicated that applicant was entitled to receive. Furthermore, that subsequent to the establishment of the rate base in above mentioned decision of the Commission there have been installed additions and betterments to the physical properties aggregating a cost of approximately \$100,000. Applicant further alleges that in previous decisions wherein rates have been established for this utility the Commission has regarded the water system and the business as being in the development stage and has not heretofore designed rates to yield the amount of return upon the full value of the property. In this connection applicant contends that its system has passed the so-called development period and that it is now entitled to rates to yield a full return on its investment. The Commission is therefore asked for an order authorizing an increase of 15 per cent in its rates, even though it may now be entitled to a greater increase should the reasonable rate base be given proper consideration.

Public hearings in this proceeding were held at Gridley and San Francisco, following the usual notification given to all interested parties, testimony was taken and the matter was submitted for decision following oral argument on the issues involved. The stipulation was made that the records and the files in the prior rate proceeding, Application No. 7317, might be considered in evidence in the present proceeding.

The evidence shows that subsequent to the prior rate proceeding, a considerable amount of money has been expended by the utility for additions and betterments to the system and that these expenditures were largely incurred for the completion of the Sutter County Extension Canal system and betterments incidental thereto, the construction of which was started in 1919.

Tabulations of the additions and betterments to fixed capital installed for the period October 1, 1921, to October 1, 1923, were submitted by applicant and showed a net total of \$111,600.67 after making proper deductions for abandonments and retirements. H. A. Noble, one of the Commission's hydraulic engineers, also presented a report which showed the total additions and betterments installed as \$123,951, the retirements and abandonments as \$14,739. Applicant accepted the figures presented by the Commission's engineer without protest.

The following tabulation gives a comparison of the maintenance and operating expenses which have been incurred the past four years, as compiled from the annual reports of the utility to the Commission, except for 1923, which was compiled from ten months' actual book accounts and two months' estimated expenses.

MAINTENANCE AND OPERATION EXPENSES.
(Exclusive of Depreciation Annuity.)

Items	1920	1921	1922	1923
Pumping expenses	\$25,296 05	\$22,370 31	\$12,015 54	\$7,721 83
Distribution expenses	69,728 60	61,147 99	61,757 81	51,062 34
Commercial expenses	2,576 79	4,301 40	7,089 86	3,827 99
General expenses	54,137 53	46,669 63	55,714 42	41,239 51
Taxes	14,893 25	13,796 67	15,226 40	19,236 51
Fund for extraordinary repairs.....	3,000 00	3,000 00	3,000 00	3,000 00
Total operating expenses.....	\$169,632 91	\$151,286 00	\$154,804 03	\$126,763 88

It is seen from the above that in 1923 there was effected a considerable reduction in operating expenses over those for the preceding years, in practically all of the items listed, but the evidence shows that, due to different circumstances and conditions obtaining for different years, certain items of operating expense may increase or decrease by considerable amounts.

Pumping expenses may vary from year to year, depending on the seasonal rainfall, the flow in the river and the acreage irrigated in any year that requires a pumped supply. The conditions obtaining in 1923 required a pumping expense of \$7,721, which was considerably less than for any year in the period from 1918 to 1923 inclusive. The item of expense for repairs to distribution canals is an important consideration since the rendering of proper service to the consumers is involved, and this item, covering the expenses for clearing the canals

of grass, weeds, etc., and upkeep of structures and canal banks, amounted in 1923 to \$3,428, which was considerably less than normal.

The item of taxes paid for 1923 shows an increase of \$5,440 over that in 1921. Further analysis of operating expenses shows that increases for certain items may be largely offset by decreases for others, by reason of certain expenses not recurring annually or through economies effected in the operation of the system.

While there was a reduction of approximately \$16,000 in general expense for 1923 as compared with 1922, there was no appreciable reduction in salaries or in office and legal expenses. The reduction in distribution expense was largely made up by the saving on supplies and expenses and about \$2,000 was in labor.

In view of the reduced income suffered by the company, chiefly due to the restricted planting, it is necessary for the management to cut down all operating expenses as low as possible and further reduction may have to be made in operating labor, salaries and other items of general expense, to offset possible necessary increases in repairs and pumping costs.

The total maintenance and operating expenses should be held as nearly to \$125,000 as possible, and the allowance of \$133,000, made by the Commission in Decision No. 10372 in the prior rate proceedings, is liberal.

In the annual charges allowed in Decision No. 10372 in the prior rate proceeding, the Commission included the sum of \$19,000 for a depreciation annuity, the computations being made on the 6 per cent sinking fund basis. Adjusting this sum for subsequent additions and betterments and for replacements and abandonments, computations for which were submitted in the evidence, a total of \$19,452 is obtained as a reasonable depreciation annuity to allow in this proceeding.

The rate base which this Commission used for the purpose of the prior rate proceeding totaled \$1,655,009. Careful consideration of all the elements affecting the matter leads to the conclusion that the sum of \$1,739,313 is a reasonable rate base for the purpose of this proceeding.

The gross revenues for the past three years and the sources from which obtained, together with the acreage charged, are given in the following table. It is noted that the rates at present in effect as established in Decision No. 10372 were charged for the years 1922 and 1923, but for the year 1921 the rates which these had superseded were charged and collected.

ACREAGE CHARGED AND RESULTING REVENUE FOR THE PAST THREE YEARS.

Source of revenue	1921		1922		1923	
	Acres	Revenues	Acres	Revenues	Acres	Revenues
At non-contract rate:						
Rice irrigated.....	23,368	\$161,204	22,164	\$173,414	15,588	\$121,834
Other crops irrigated.....	618	1,545	929	2,246	1,318	2,931
Totals.....	23,986	\$165,749	23,093	\$175,660	16,906	\$124,765
At contract rate:						
Rice irrigated.....	5,382	\$27,873	5,063	\$36,111	5,149	\$31,548
Other crops irrigated.....	17,339	34,578	13,630	31,253	9,726	22,390
Totals.....	22,721	\$62,451	19,593	\$67,364	14,875	\$53,938
Contract acreage charged but not irrigated:						
No portion of tract irrigated.....	5,900	\$11,800	10,094	\$23,216	15,726	\$36,170
Where part of tract irrigated.....	*4,000	8,000	*4,000	9,200	3,533	8,126
Totals.....	9,900	\$19,800	14,094	\$32,416	19,259	\$44,296
Grand totals.....	56,607	\$248,000	56,780	\$275,440	51,040	\$223,000

*Approximate segregation of this acreage.

Comparing the gross revenues for the past two years, that obtained in 1923 totaled \$223,000, being \$52,440 less than the year 1922, with the same rates charged. This falling off in revenue in 1923 is largely accounted for by the reduced acreage planted to rice. The greater portion of the annual income of this utility for a number of years past has been derived from the rice acreage irrigated, which for the past three years has averaged about 74 per cent of the utility's total revenue. Considering the yield of the present rate schedule, it appears that for 1922, after allowing the necessary operating expenses and depreciation annuity there was available for interest return an amount equivalent to 7 per cent on the foregoing rate base and by similar computation an amount for 1923 equivalent to approximately 4 per cent.

As shown in the foregoing tabulation the acreage irrigated to rice is susceptible to great fluctuation from year to year and is the most important factor for consideration as regards probable revenue which the utility may expect to receive.

Considering the actual use of water from the system as indicated by the acreage irrigated, excluding the area charged for but not irrigated, the following figures, compiled from the evidence, indicate the segregation as to crops and also as to the total area irrigated on the Sutter County extension and that outside of the territory served by this extension:

ACREAGE IRRIGATED.						
Kind of crop	1918	1919	1920	1921	1922	1923
Outside Sutter County extension:						
Acres in rice.....	21,000	21,000	22,690	15,982	15,776	11,082
Acres in other crops.....	16,908	17,934	21,979	17,832	14,434	10,855
Sutter County extension:						
Acres in rice.....			4,320	12,768	12,351	9,655
Acres in other crops.....				125	125	189
Total acreage irrigated.....	37,908	38,934	48,979	46,707	42,686	31,781
Total acreage in rice on system.....	21,000	21,000	27,000	28,750	28,127	20,737

The general practice in cultivating rice is to rest the land for one or more years after three years' cropping in order to eradicate water grass and other weeds. Rotation of crops is also practiced in order to increase the crop yield. The evidence shows that rice being an annual crop the total acreage planted may vary widely for different years due to market demands and prices at which the crop may be sold.

The company bases its request for an increase of 15 per cent in rates upon the results for the year 1923 which, in spite of the previous increase in rates, shows the smallest net return upon the investment which the company has received.

It is obviously incorrect to use such insufficient data in establishing rates for irrigation service. As stated by a witness for the company, "We have no way of ever predicting the business for the coming year with any degree of accuracy because it depends so much on the price of rice." And quoting again from the same witness, "The average of a certain number of years should give us a fairly clear indication of what the future is to be." An increase of 15 per cent in the acreage would yield approximately the same return as the 15 per cent raise in rates which the company has requested.

If the planting in 1924 should equal the average acreage planted in each class of crops over the past four years, the revenue at present rates would be \$261,000. Deducting operating expense of \$133,000 and \$19,452 for depreciation the net return on the rate base of \$1,739,313 would be 6 per cent. While no prediction is offered by the Commission as to the future planting, it is recognized that it will depend largely upon the price of rice. But application for water must be made in advance of definite information on the price for rice next fall, and any increase in the rate schedule would undoubtedly discourage planting.

Under the peculiar conditions which pertain in this case, I am convinced from the experience of the past years as indicated by the evidence in this proceeding, that the increase of rate requested by the Sutter-Butte Canal Company at this time would result in a decrease of revenue to the company. Furthermore, it has been indicated in the preceding paragraph that based upon an average of the areas irrigated during the past four years this utility would at the present rates receive revenues sufficiently large to care for maintenance and operation expense and depreciation annuity, and in addition would receive an average rate of return of 6 per cent, upon a reasonable rate base. Under the circumstances such a rate of return can not be considered unreasonably low, nor is an increase in rates justified at this time.

I therefore submit the following form of order:

ORDER.

The Sutter-Butte Canal Company having applied to this Commission for an order authorizing an increase in its rates, public hearings

having been held thereon, the matter having been submitted, and the Commission being now fully informed in the matter:

It is hereby found as a fact that the rates now charged by Sutter-Butte Canal Company, a corporation, are just and reasonable; and basing the order upon the foregoing finding of fact and upon the statements of fact contained in the opinion preceding this order;

It is hereby ordered, that the application of the Sutter-Butte Canal Company (for increase in rates) be and it is hereby denied.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this sixth day of February, 1924.

DECISION No. 13123.

IN THE MATTER OF THE APPLICATION OF E. H. COOKINGHAM OPERATING UNDER THE NAME AND STYLE OF "LAGUNA BEACH TELEPHONE COMPANY" FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY FOR THE ACQUIRING AND CONSTRUCTION OF A TELEPHONE SYSTEM AND OF TELEPHONE LINES, RIGHTS OF WAY, NECESSARY LANDS AND OFFICES THROUGHOUT THE VICINITY KNOWN AS LAGUNA BEACH AND ARCH BEACH, CALIFORNIA.

Application No. 9264.

Decided February 8, 1924.

CERTIFICATE—TELEPHONE UTILITY—UNAUTHORIZED OPERATION.—It having been found that applicant has begun operation of a public utility telephone service and acquired the toll system owned by the Yoch Company without having obtained a certificate of public convenience and necessity authorizing acquisition and operation of a telephone system, the Commission ordered the moneys collected during the period of illegal operation shall be refunded to patrons, as a condition of granting a certificate and approving the said transfer of property. The Commission holds that such violations of the Public Utilities Act can not and will not be tolerated.

Scarborough, Forgy and Reinhaus, by *S. M. Reinhaus*, for Applicant.

Agnes Yoch West, for The Yoch Company.

J. L. Adams, for The Pacific Telephone and Telegraph Company.

BY THE COMMISSION.

OPINION.

This is an application for a certificate of public convenience and necessity authorizing the acquisition and operation of a telephone system at Laguna Beach and vicinity in connection with a toll system operated by The Yoch Company between Laguna Beach and the town of Tustin in Orange County. In view of certain complications which have arisen, it is desirable that the facts pertaining to the application be briefly reviewed.

The toll line operated by The Yoch Company between Laguna Beach and Tustin was constructed primarily for the use of a hotel located at

Laguna Beach and for the personal use of Mr. Yoch. In 1916 rates were filed with this Commission for toll service over this line, and the property has ever since been operated as a public utility toll line. Some time prior to July, 1923, Mr. Cookingham, the applicant herein, negotiated with The Yoch Company for the purchase of this toll line, it being his intention after the acquisition of this line to construct a local exchange at Laguna Beach which, operated in connection with the toll line, would give a regular business and residence telephone service at Laguna Beach which had not theretofore been rendered. Pursuant to this plan, an application was filed with this Commission on July 25, 1923, by Mr. Cookingham for a certificate of public convenience and necessity authorizing the acquisition and operation of the proposed system, including the toll line owned by The Yoch Company. The Yoch Company did not join in this application and, since the authority requested was for a transfer of the property owned by The Yoch Company, the applicant was advised that it would be necessary to file an amended application in which The Yoch Company should join. Accordingly, a joint application was filed on October 9, 1923, by E. H. Cookingham, applicant herein, and The Yoch Company for authorization to transfer the toll line from The Yoch Company to Cookingham and for the construction and operation by the latter of a local telephone exchange at Laguna Beach under certain schedules, rules and regulations set forth in the application, or under such rates, rules and regulations as the Commission might prescribe.

A hearing was held in this matter before Examiner Williams on November 14, 1923, at Laguna Beach, at which time and place evidence was taken and the matter submitted.

It appears that Laguna Beach, a town with a population of approximately 1000 permanent residents, located some 20 miles southeast of Santa Ana, is a summer resort of growing popularity, having a population during the summer months of four or five thousand people. As above set forth, the only telephone service heretofore rendered at Laguna Beach was that furnished by the toll station of The Yoch Company. An investigation in connection with this proceeding leads to the conclusion that there is a public need for the establishment of a local exchange at this place. The operation of such an exchange in connection with the toll line proposed to be transferred, for the price stated in the application, is, in our opinion, a matter which should be approved in the interest of public convenience and necessity and the Commission will, therefore, authorize the transfer and the establishment of the exchange service proposed by the applicant, subject, however, to certain conditions which appear to be proper.

This case is complicated, however, by the fact that subsequent to the hearing in this matter, it has come to the attention of the Commission

that Mr. Cookingham has, without awaiting any authorization from this Commission so to do, actually taken over the operation of the toll line and attempted to take a transfer thereof from The Yoch Company to himself. Moreover, it has further come to our attention that Mr. Cookingham has actually constructed and placed in operation the local telephone exchange for which the construction and operation was requested in this application, and that he has installed, connected and rendered service to a number of telephones for residence and business use, and has charged and collected rates for this unauthorized service.

Section 51 (a) of the Public Utilities Act provides, among other things, that no telephone corporation "shall henceforth sell, lease, assign, mortgage or otherwise dispose of or encumber the whole or any part of its * * * line, plant or system necessary or useful in the performance of its duties to the public * * * without first having secured from the Commission an order authorizing it to do so. Every such sale, lease, assignment, mortgage, disposition, encumbrance * * * made other than in accordance with the order of the Commission authorizing the same shall be void."

Section 50 (a) of the Public Utilities Act contains the provision that no telephone corporation shall hereafter begin the construction of a line, plant or system or of any extension of such line, plant or system "without having first obtained from the Commission a certificate that present or future public convenience and necessity require or will require such construction."

In view of the foregoing, it is clear that the acquisition and operation of the toll line and the construction and operation of the local exchange by Mr. Cookingham as a public utility "for compensation" were contrary to the plain provisions of the law. This is a matter which can not and will not be countenanced by this Commission. It is recognized, however, that there is a genuine need for telephone service in the community of Laguna Beach, and a denial of the application would result in undue hardship upon the residents thereof. If, therefore, E. H. Cookingham should within a reasonable time, not to exceed thirty (30) days after the effective date of this order,

1. Refund to the parties who paid them, any and all moneys which he may have collected for this unauthorized local exchange service, and shall satisfy this Commission that he has so refunded all such moneys; or

2. In case of any persons who have paid him any such moneys and who can not now be found, he should satisfy this Commission that he has deposited with some person or bank approved by this Commission a sum of money sufficient to cover their said payments, subject to repayment to them if and when located,

thereby freeing himself from any charge of having violated the law, either through lack of understanding of its provisions or otherwise, then it would seem that the public interests would best be served by granting this application. This may be done by the issuance of a supplemental order when the Commission has received satisfactory assurances that the applicant legally appears before the Commission otherwise than in the attitude of one who has been operating a utility for compensation without authorization by the Commission, as required by law.

As to the toll line, no authorization having been heretofore granted for its transfer by The Yoch Company, we must regard the operation of this property by Mr. Cookingham as that of an agent or trustee for The Yoch Company. The disposition of collections heretofore made by him for toll service is, therefore, a matter for settlement between him and his principal.

The application also asks that the Commission either approve a schedule of rates, rules and regulations submitted by applicant, or that the Commission prescribe such rates, rules and regulations as it may find to be reasonable, and we deem it proper, at this time, to set forth our views as to these matters in order that all parties may be fully advised as to the present opinion of this Commission concerning the service here in question.

Exhibits "A," "B," and "C" attached to the application show an inventory and appraisal of the property involved in the transfer, together with the additions and betterments proposed for the immediate future. The following figures are shown:

Plant to be transferred.....	\$2,550 00
Proposed additions and betterments:	
Laguna Beach-Tustin line.....	3,066 00
At Laguna Beach.....	8,659 00
Total	\$14,275 00

The Commission, through its engineering department, has made a check of the properties involved in the transfer and finds that the sum of \$2,550 is a reasonable price to be paid therefor. It should be clearly understood, however, that this figure does not necessarily represent the value of the transferred property for rate-making purposes. In order to establish a proper value upon which reasonable rates may be prescribed, a figure representing the historical cost of the properties which will be in operation upon the completion of the construction work now in process must be determined.

The toll line between Tustin and Laguna Beach has been reconstructed. A 50-line magneto switchboard will be installed in Laguna

Beach to take the place of the temporary board now in operation, and a distribution system is in process of construction.

A detailed survey and valuation of the properties and check of the figures and information submitted by Mr. Cookingham have been made by the Commission's engineering department and it appears that a reasonable rate base figure to use in this proceeding is \$13,980, segregated into its various accounts, as follows:

Franchises	\$529 00	
Central office equipment.....	625 00	
Station apparatus and installation and telephone booth.....	2,600 00	
Exchange pole line, cable and wire.....	6,399 00	
Toll pole line and wire.....	2,602 00	
Office fixtures and general equipment.....	600 00	
Total		\$13,355 00
Materials and supplies.....	\$325 00	
Working cash capital.....	300 00	625 00
Total rate base.....		\$13,980 00

The plans now contemplated by Mr. Cookingham do not provide for a telephone booth for a public pay station in Laguna Beach and, as such a booth appears necessary, the cost of the same has been included in the rate base. The above figures are also based on the assumption that there will be connected, after operations are commenced, approximately forty subscribers, and that within the coming year, if proper service be rendered, this figure will be increased to at least ninety full-year subscribers. During the summer months this figure will probably be considerably increased.

Reasonable operating expenses, including taxes, required in the operation of this system should not exceed \$3,998 per year. A segregation of this amount into the various accounts is as follows:

Maintenance and traffic.....	\$2,768 00
Commercial and general.....	900 00
Taxes	305 00
Uncollectible bills.....	25 00
	\$3,998 00

A reasonable amount for depreciation for these properties is an amount of \$460 per year, and this added to the above allowance for operating expenses makes a total annual expense of \$4,458.

Under the existing conditions, we believe that if this application shall be granted by supplemental order herein as above mentioned, applicant would be entitled to earn 8 per cent upon the rate base herein found. The total revenue which will be required to cover operating expenses, depreciation and this interest upon investment would then amount to \$5,576.

In his application E. H. Cookingham proposed certain rates which he desired be made effective. These rates which applicant proposes are considerably in excess of the rates now in effect by other utilities serving towns similar in size to Laguna Beach and, if applied to the proposed business, would result in a return of approximately twelve per cent (12%).

At present, and in accordance with the toll rates of The Yoch Company now on file with this Commission, a charge of twenty-five cents is collected from any party in Laguna Beach for each incoming call received or outgoing call made. It is proposed that this rate be eliminated and that the toll rate between Laguna Beach and other points be based upon air line distance. This change is reasonable and, if made, will eliminate the difficulty now experienced and, in addition, will place the toll service to Laguna Beach on the same basis now in effect throughout practically the entire state.

The rates which will result in a reasonable return to the applicant and which, in our opinion, would be just and reasonable rates under the conditions and operations which appear will exist in Laguna Beach, are those as set forth in Exhibit "A" attached to the order in this decision. These rates will be slightly higher than rates of other utilities serving towns of approximately the same size as Laguna Beach, primarily on account of the large amount of distribution system required in relation to the number of subscribers to be served.

ORDER.

E. H. Cookingham, doing business under the name and style of Laguna Beach Telephone Company, and The Yoch Company having requested this Commission for an order authorizing the transfer of the toll telephone system, as described in the application, from The Yoch Company to E. H. Cookingham, and E. H. Cookingham having requested an order granting him a certificate that public convenience and necessity require the establishment and operation of a local telephone exchange system in Laguna Beach and vicinity; the board of supervisors of Orange County having granted E. H. Cookingham the right and privilege of carrying on a general telephone business within Orange County; a public hearing having been held in the above entitled proceeding; the matter having been submitted and now being ready for decision;

It is hereby ordered, that The Yoch Company be and it is hereby authorized to sell, and that E. H. Cookingham be and he is hereby authorized to purchase, for the price stated in the application, the toll telephone system of The Yoch Company, located in Laguna Beach and extending to the town of Tustin, more particularly described in the application in this proceeding; providing, that The Yoch Company

and E. H. Cookingham file with this Commission on or before March 9, 1924:

1. A certified copy of all documents of transfer covering the property involved.

2. A stipulation declaring that E. H. Cookingham, his successors and assigns, will never, in any proceeding before the Railroad Commission or any other public authority, claim any value for any franchises or permits acquired from The Yoch Company in excess of the amount paid for such franchises or permits to the public authority granting the same, which amount shall be specified in such stipulation.

3. A stipulation declaring that the consideration for which the public utility properties are herein authorized to be transferred need not be considered as a measure of the value of said properties for any purpose other than the transfer herein authorized; and

The Railroad Commission hereby declares that it is its present opinion that public convenience and necessity require the construction and operation of a local exchange telephone system at Laguna Beach similar in type to the system described in the application herein, and the rendering therefrom of an adequate telephone service within the town of Laguna Beach and vicinity; and

The Railroad Commission further declares that if, within thirty (30) days after the effective date of this order, E. H. Cookingham shall satisfy this Commission that he has

1. Refunded all moneys which he may have collected for local exchange service at Laguna Beach, up to said effective date of this order; or

2. If any such moneys can not be so refunded prior to that time on account of inability to find the person or persons who may have paid the same, that E. H. Cookingham has deposited any and all such moneys with some bank or individual, approved by this Commission, subject to payment to such persons if and when located, and, in that event,

this Commission will consider and determine, by supplemental order herein, what may be the proper disposition of this application of said E. H. Cookingham; and

The Railroad Commission hereby specifically reserves the right and authority, by supplemental order herein, to reopen this proceeding and to make such other and further disposition thereof as may appear necessary or proper.

The effective date of this order shall be February 25, 1924.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this eighth day of February, 1924.

EXHIBIT "A."

DESCRIPTION OF PRIMARY RATE AREA.

Beginning at a point on the shore line of the Pacific Ocean 150 feet southeast of the intersection of the center line of Euterpe street produced with said shore line, thence along a line extending in a northeasterly direction parallel to the line of said Euterpe street to the point of intersection with the westerly boundary of the E $\frac{1}{4}$ of the NW $\frac{1}{4}$ of Sec. 25, T 7 S R 9 W; thence due north to the northeast corner of the SW $\frac{1}{4}$ of the SW $\frac{1}{4}$ of Sec. 24, T 7 S R 9 W; thence due west to the point of intersection with a line drawn parallel to Third street and 150 feet northeast of the center line of said Third street; thence in a general northerly direction along a line parallel to Third street and Laguna road and 150 feet from the center line of same to a point 150 feet northeast of the intersection of the center lines of Laguna road and Hill street; thence along a curved line approximately 150 feet north of the center line of Hill street in a westerly and southerly direction to the point of intersection with a line drawn parallel to High drive and 150 feet northerly of the center line of said High drive; thence along a line 150 feet from the center line of High drive parallel with said High drive to a point due west of the intersection of the center lines of High drive and Cliff drive; thence due south to the shore line of the Pacific Ocean, thence in a southeasterly direction along said shore line to the point of beginning.

SCHEDULE NO. A-1.

Exchange Service.

General Service.

Applicable to individual and party line flat rate service within the primary rate area.

Rate.	Grade of Service	Rate per month per station			
		Business service		Residence service	
		Wall set	Desk set	Wall set	Desk set
Individual line station-----		\$3 25	\$3 50	\$2 75	\$3 00
Two-party line station-----		2 75	3 00	---	---
Four-party line station-----		---	---	2 25	2 50
Extension (with or without bell)-----		1 00	1 25	1 00	1 25

Conditions.

(1) For individual or party line service outside the primary rate area, see Mileage Rates, Schedule No. A-4.

SCHEDULE NO. A-4.

Exchange Service.

Mileage Rates.

Applicable to general service outside the primary rate area.

Rate.	Business and residence service		Monthly rate per $\frac{1}{4}$ mile or fraction thereof (air-line distance)
Individual line station-----			\$0 50 per line
Two-party line station-----			35 per station
Four-party line station-----			25 per station

Conditions.

The charges for service given above are in addition to the regular flat rate charges.

SCHEDULE NO. A-5.

Exchange Service.

Suburban Service.

Applicable to suburban party line service of not more than eight parties per circuit within the exchange area outside the primary rate area.

Rate.	Rate per month per station			
	Business service		Residence service	
	Wall set	Desk set	Wall set	Desk set
Suburban service -----	\$3 50	\$3 75	\$3 00	\$3 25

Conditions.

Suburban circuits will be installed, owned, and maintained entirely at the expense of the company.

SCHEDULE NO. A-13.**Exchange Service.****Public Pay Station Service.**

Service from company's nonlisted public telephone station.

Rate.

Each exchange message----- \$0 05

SCHEDULE NO. A-14.**Exchange Service.****Directory Listing.**

Charges for directory listing in addition to that to which subscriber is entitled under the regular rates for service.

Rate.

- (1) Each subscriber is entitled, without charge, to one listing in the telephone directory.
- (2) Each listing in addition to that specified under (1) above shall be at the following rate:
 - (a) Member of same firm or business----- \$0 25 per month
 - (b) Joint user----- 1 50 per month
 - (c) Individual residing at a residence listed at the residence----- 25 per month
 - (d) Listing for guest of hotel----- 50 per month

Conditions.

- (1) Joint user means individual not connected with the firm or business who is the subscriber of record.
- (2) Requests for additional listing shall be made by the subscriber of record.

SCHEDULE NO. A-15.**Exchange Service.****Supplemental Equipment.**

Rates for extra equipment requested by subscriber.

Rate.

	Installation charge	Rate per month
(1) Extension bell, 2½ inch-----	\$1 25	\$0 25
(2) Extension bell, 6 inch-----	1 50	75
(3) Installation or renewal of desk set cords exceeding 6 feet in length, but not more than 10 feet-----	1 00	----

SCHEDULE NO. B-1.**Toll Service.**

The following listed rates are applicable between Laguna Beach and Tustin, to station-to-station, person-to-person, and appointment and messenger, interexchange telephone toll service, over the lines of Laguna Beach Telephone Company, and are based on the distance, air line, from post office to post office between Laguna Beach and Tustin, in accordance with the terms and conditions of Order No. 2495, dated December 13, 1918, and Order No. 2797, dated February 17, 1919, amendatory thereto, of the Postmaster General of the United States.

The rates for any of the classes of toll service specified herein, between Laguna Beach and toll points on the lines of The Pacific Telephone and Telegraph Company and the United States Long Distance Telephone and Telegraph Company beyond Tustin, are the through rates quoted by The Pacific Telephone and Telegraph Company and the United States Long Distance Telephone and Telegraph Company, and as established under the terms and conditions of the orders hereinabove referred to.

The air-line distance from post office to post office between Laguna Beach and Tustin is approximately fifteen (15) miles.

Rate.	Class of Service	Initial rate	Initial period in minutes	Overtime rate	Overtime period in minutes
	Station-to-station-----	\$0 15	5	\$0 05	2
	Person-to-person-----	20	3	05	1
	Appointment and messenger-----	25	3	05	1
	Report charge-----	10	--	----	--

SCHEDULE NO. C-1.

Telegraph Service.

Telegraph service between Laguna Beach and Tustin is provided in the following classes and at the following rates:

Telegrams—

30 cents for ten (10) words or less, 2½ cents for each additional word.

Day letters—

45 cents for fifty (50) words, 9 cents for each additional ten (10) words or fraction.

Night letters—

30 cents for fifty (50) words, 6 cents for each additional ten (10) words or fraction.

Messages of the above specified classes will be accepted for transmission to points on the lines of The Pacific Telephone and Telegraph Company beyond Tustin. The rates applicable to such messages are the rates quoted by The Pacific Telephone and Telegraph Company from Tustin to such points in addition to the rates of the Laguna Beach Telephone Company, as shown in the preceding paragraphs.

DECISION No. 13130.

IN THE MATTER OF THE APPLICATION OF MARKET STREET RAILWAY COMPANY, A CORPORATION, FOR PERMISSION TO EXECUTE A MORTGAGE TO SECURE THE PAYMENT OF FIFTEEN MILLION DOLLARS OF FIRST MORTGAGE SEVEN PER CENT SINKING FUND GOLD BONDS AND TO ISSUE AND SELL THIRTEEN MILLION DOLLARS OF SAID BONDS.

Application No. 9726.

Decided February 11, 1924.

Wm. M. Abbott, for Applicant.

SEAVEY, Commissioner.

OPINION.

The Market Street Railway Company asks permission to execute a mortgage or deed of trust to secure the payment of \$15,000,000 of first mortgage 7 per cent sinking fund gold bonds due April 1, 1940, and to issue and sell at 93 per cent of their face value and accrued interest \$13,000,000 of said bonds and use the proceeds to pay in part the \$4,198,000 of 6 per cent collateral trust notes due April 1, 1924, and the \$9,200,550 of first mortgage 5 per cent bonds due September 1, 1924.

The Market Street Railway Company has an authorized stock issue of \$32,150,000, of which \$31,926,450 is outstanding. The company's outstanding stock consists of \$11,618,500 of 6 per cent cumulative prior preference stock; \$4,986,850 of 6 per cent cumulative preferred stock; \$4,673,700 of 6 per cent noncumulative second preferred stock and \$10,647,400 of common stock. During 1922 and 1923 the company has paid 6 per cent dividend on its prior preference stock. No dividends have been paid on any other class of stock.

As of December 31, 1923, the company's funded debt amounted to \$13,508,550 and consisted of \$4,269,000 of 6 per cent collateral trust notes due April 1, 1924, and \$9,239,550 of 5 per cent first mortgage

consolidated bonds due September 1, 1924. Since December 31, 1923, the company has acquired \$71,000 of the collateral trust notes, leaving \$4,198,000 of such notes outstanding, and \$39,000 of first mortgage bonds, leaving \$9,220,550 of such bonds outstanding.

As of December 31, 1923, the company's current indebtedness amounted to \$478,424.43, as contrasted with current assets of \$2,018,072.32. The current assets include cash and special deposits of \$1,491,231.80. The company will use current assets to pay such portion of its collateral trust notes and first mortgage bonds as it will not be able to pay with the proceeds obtained from the sale of its first mortgage 7 per cent bonds.

The mortgage or deed of trust which applicant asks permission to execute secures the payment of an authorized issue of \$15,000,000 of 7 per cent first mortgage bonds dated April 1, 1924, and due April 1, 1940. Subsequent to the hearing had on the application some changes were made in the proposed mortgage or deed of trust. A revised copy of the mortgage or deed of trust was filed with the Commission on February 6th.

The mortgage or deed of trust is a lien on all of the property which the company now owns or which it may hereafter acquire, except cash (other than cash deposited or required to be deposited with the trustee), accounts receivable, bills receivable, stocks, bonds, notes, certificates of indebtedness and similar intangible property whether now owned or hereafter acquired. If any of the events of default occur, the mortgage or deed of trust becomes a lien on all the property of the company. The company covenants to provide a quarterly sinking fund of \$500,000 per annum from January 1, 1925, through 1932. The sinking fund payments are to be invested in the company's bonds which are to be purchased in the open market at not to exceed their redemption prices, or, if not so obtainable, are to be called at that price. All bonds purchased are to be kept alive in the sinking fund until January 1, 1933, and the interest on such bonds used to acquire additional bonds. On January 1, 1933, all bonds then in the sinking fund shall be canceled, and thereafter the company agrees to provide a quarterly sinking fund of \$300,000 per annum until the maturity of the bonds. The sinking fund payments subsequent to January 1, 1933, shall be invested in the same manner as sinking fund payments made prior thereto. It is estimated by applicant that the operation of the sinking fund, assuming bonds purchased at the redemption prices, will reduce the bonded debt from \$13,000,000, the initial issue, to \$8,071,500 on January 1, 1933, and to \$5,460,500 on January 1, 1940. The amount of bonds outstanding may be further reduced through the purchase of bonds at

less than the call price and through the sale of mortgaged property. The proceeds from the sale of any such property must be added to the fixed sinking fund payments.

After September 1, 1924, the \$13,000,000 of bonds which the company now asks permission to issue will constitute its only funded debt. The company has sold the bonds at ninety-three (93) per cent of their face value and accrued interest. Assuming all bonds were to remain outstanding until maturity, the effective interest rate, considering only the discount, is about seven and seventy-five hundredths (7.75) per cent. The redemption of bonds prior to maturity through sinking fund payments will increase the effective interest rate to more than 8 per cent. Chas. N. Black, applicant's president and general manager, testified that negotiations were had with several parties for the sale of the bonds and that he regarded the offer of 93 and accrued interest, by Dillon, Read and Company and associates, as the most satisfactory. Were it not for the fact some of applicant's important franchises expire on or before January 1, 1933, existing municipal competition and the uncertainty of what the attitude of the city will be at the time the franchises terminate, the Commission would not authorize the sale of the bonds at 93 and accrued interest.

I herewith submit the following form of order:

ORDER.

Market Street Railway Company having applied to the Railroad Commission for permission to execute a mortgage or deed of trust and to issue \$13,000,000 of bonds, a public hearing having been held and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for by such issue is reasonably required by applicant and that the expenditures herein authorized are not in whole or in part reasonably chargeable to operating expenses or to income, and that this application should be granted, subject to the conditions of this order; therefore

It is hereby ordered, that Market Street Railway Company be and it is hereby authorized to execute a mortgage or deed of trust substantially in the same form as the mortgage or deed of trust filed in this proceeding on February 6, 1924, provided that the authority herein granted to execute a mortgage or deed of trust is for the purpose of this proceeding only, and is granted in so far as this Commission has jurisdiction under the terms of the Public Utilities Act and is not intended as an approval of said mortgage or deed of trust as to such other legal requirements to which said mortgage or deed of trust may be subject.

It is hereby further ordered, that Market Street Railway Company be and it is hereby authorized to issue and sell for cash at not less than ninety-three (93) per cent of their face value and accrued interest \$13,000,000 of first mortgage 7 per cent sinking fund gold bonds to be dated April 1, 1924, and to mature April 1, 1940, and to use the proceeds obtained from the sale of such bonds for the purpose of paying in whole or in part its 6 per cent collateral trust notes due April 1, 1924, and its first mortgage bonds due September 1, 1924.

The authority herein granted is subject to further conditions as follows:

1. Market Street Railway Company shall keep such record of the issue, sale and delivery of the bonds herein authorized and of the disposition of the proceeds as will enable it to file on or before the twenty-fifth day of each month a verified report, as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

2. The authority herein granted will become effective when applicant has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is \$3,218.50, and will expire October 1, 1924.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this eleventh day of February, 1924.

DECISION No. 13134.

IN THE MATTER OF THE INVESTIGATION OF GAS RATES, SERVICE
AND OPERATIONS OF CONTRA COSTA GAS COMPANY ON THE
COMMISSION'S OWN MOTION.

Case No. 1653.

Decided February 11, 1924.

BY THE COMMISSION.

FOURTH SUPPLEMENTAL ORDER.

WHEREAS, in Decision No. 9725 (20 C. R. C. 810), in the above entitled matter, this Commission provided with reference to Schedules Nos. 1 and 3 therein established, that such rates would be subject to increase or decrease, upon approval of the Railroad Commission, on the basis of 3 cents per thousand cubic feet for each 10 cents increase or decrease respectively in the price of oil above or below the price of \$1.64 per barrel; and

WHEREAS, Contra Costa Gas Company has heretofore filed with the Commission affidavits that the price paid for oil has been reduced by a total of 58 cents per barrel and the Commission has, in consequence, in Decision No. 10902, ordered reductions in the rate for gas totaling 17 cents per thousand cubic feet; and

WHEREAS, since the writing of the decisions above referred to the property of Contra Costa Gas Company has been purchased by Coast Counties Gas and Electric Company, and Schedules Nos. 1 and 3 of Contra Costa Gas Company are now known as Schedules Nos. 7 and 9 of Coast Counties Gas and Electric Company; and

WHEREAS, Coast Counties Gas and Electric Company now makes affidavit that on January 22, 1924, the price paid for oil was increased by 25 cents per barrel to \$1.31 f. o. b. Pittsburg, which is 33 cents per barrel less than the base price upon which rates were established in Decision No. 9725;

It is hereby ordered, that Coast Counties Gas and Electric Company be and it is hereby authorized to increase its rates designated as Schedules Nos. 7 and 9, as determined in Decision No. 10902, effective for all regular meter readings taken on and after February 22, 1924, so that said rates shall be 10 cents per thousand cubic feet less than the basic rates set forth in Decision No. 9725 in Case No. 1653.

It is hereby further ordered, that Coast Counties Gas and Electric Company, in case it elects to exercise this privilege, file with the Commission on or before February 15, 1924; a revision of its schedules as herein authorized.

Dated at San Francisco, California, this eleventh day of February, 1924.

DECISION No. 13135.

IN THE MATTER OF THE INVESTIGATION OF GAS RATES, SERVICE
AND OPERATIONS OF COAST COUNTIES GAS AND ELECTRIC COM-
PANY ON THE COMMISSION'S OWN MOTION.

Case No. 1660.

Decided February 11, 1924.

BY THE COMMISSION.

THIRD SUPPLEMENTAL ORDER.

WHEREAS, in Decision No. 9840 (20 C. R. C., 952), in the above entitled matter, this Commission provided with reference to Schedules Nos. 1, 2 and 5 of Coast Counties Gas and Electric Company that such rates would be subject to increase or decrease, upon approval of the Railroad Commission, on the basis of 3 cents per thousand cubic feet

for each 10 cents increase or decrease respectively in the price of oil above or below the price of \$1.65 per barrel in Santa Cruz and \$1.73 per barrel in Watsonville; and

WHEREAS, Coast Counties Gas and Electric Company has heretofore filed with this Commission affidavits that the price paid for oil had been reduced by a total of 50 cents per barrel and the Commission having, in consequence, in Decision No. 10899 ordered reductions totaling 15 cents per thousand cubic feet; and

WHEREAS, Coast Counties Gas and Electric Company now makes affidavit that on January 22, 1924, the price paid for oil was increased by 25 cents per barrel to \$1.40 per barrel in Santa Cruz and \$1.48 per barrel in Watsonville, which is 25 cents per barrel less than the base price upon which rates were established in Decision No. 9840;

It is hereby ordered, that Coast Counties Gas and Electric Company be and it is hereby authorized to increase the rates designated as Schedules Nos. 1, 2 and 5, as determined in Decision No. 10899, effective for all regular meter readings taken on and after February 22, 1924, so that said rates shall be eight (8) cents per thousand cubic feet less than the basic rates set forth in Decision No. 9840 in Case No. 1660.

It is hereby further ordered, that Coast Counties Gas and Electric Company, in case it elects to exercise this privilege, file with the Commission on or before February 15, 1924, a revision of its schedules as herein authorized.

Dated at San Francisco, California, this eleventh day of February, 1924.

DECISION No. 13136.

IN THE MATTER OF THE INVESTIGATION OF THE GAS RATES AND OPERATIONS OF CENTRAL COUNTIES GAS COMPANY ON THE COMMISSION'S OWN MOTION.

Case No. 1661.

Decided February 11, 1924.

BY THE COMMISSION.

THIRD SUPPLEMENTAL ORDER.

WHEREAS, in Decision No. 9844 (20 C. R. C 963), in the above entitled matter, this Commission provided with reference to Schedules Nos. A and B therein established, that such rates would be subject to increase or decrease upon approval of the Railroad Commission on the basis of 3 cents per thousand cubic feet for each 10 cents increase or decrease respectively in the price of oil above or below the price of \$1.76 per barrel f. o. b. Visalia; and

WHEREAS, Central Counties Gas Company has heretofore filed with the Commission affidavits that the price paid for oil has been reduced by a total of 66 cents per barrel and the Commission has, in consequence, in Decision No. 10812, ordered reductions in the rate for gas totaling 20 cents per thousand cubic feet; and

WHEREAS, Central Counties Gas Company now makes affidavit that on February 8, 1924, the price paid for oil was increased to \$1.47 per barrel, which is 29 cents per barrel less than the base price upon which rates were established in Decision No. 9844;

It is hereby ordered, that Central Counties Gas Company be and it is hereby authorized to increase its rates designated as Schedules A and B effective for all meter readings on and after March 8, 1924, so that said rates shall be 9 cents per thousand cubic feet less than the basic rates set forth in Decision No. 9844 in Case No. 1661.

It is hereby further ordered, that Central Counties Gas Company, in case it elects to exercise this privilege, file with the Commission on or before March 1, 1924, a revision of its schedules as herein authorized.

Dated at San Francisco, California, this eleventh day of February, 1924.

DECISION No. 13138.

IN THE MATTER OF THE INVESTIGATION BY THE COMMISSION ON
ITS OWN MOTION INTO THE REASONABLENESS OF THE RATES
OF MADERA GAS COMPANY.

Case No. 1805.

Decided February 11, 1924.

BY THE COMMISSION.

FIRST SUPPLEMENTAL ORDER.

WHEREAS, in Decision No. 11094 (22 C. R. C. 388), in the above entitled matter, this Commission provided with reference to Schedule No. 1 therein established, that such rates would be subject to decrease, upon approval of the Railroad Commission, on the basis of 2.9 cents per thousand cubic feet for each 10 cents decrease in the cost of oil below the price of \$1.70 per barrel; and

WHEREAS, the basic schedule set forth in Decision No. 11094 was based upon an oil cost of \$1.70 per barrel f. o. b. Madera, and this schedule was then reduced 14 cents per thousand cubic feet in order to agree with the price of \$1.20 per barrel paid for oil on October 9, 1922; and

WHEREAS, Madera Gas Company now makes affidavit that on January 22, 1924, the price paid for oil was increased by 25 cents per

barrel to \$1.50 f. o. b. Madera, which is 25 cents per barrel less than the basic price upon which rates were established in Decision No. 11094;

It is hereby ordered, that Madera Gas Company be and it is hereby authorized to increase its rates designated as Schedule No. 1 effective for all meter readings taken on and after February 22, 1924, so that said rates shall be 7 cents per thousand cubic feet less than the basic rates set forth in Decision No. 11094 in Case No. 1805.

It is hereby further ordered, that Madera Gas Company, in case it elects to exercise this privilege, file with the Commission on or before February 15, 1924, a revision of its schedules as herein authorized.

Dated at San Francisco, California, this eleventh day of February, 1924.

DECISION No. 13139.

IN THE MATTER OF THE INVESTIGATION BY THE COMMISSION ON
ITS OWN MOTION INTO THE REASONABLENESS OF THE RATES
OF HANFORD GAS AND POWER COMPANY.

Case No. 1807.

Decided February 11, 1924.

BY THE COMMISSION.

FIRST SUPPLEMENTAL ORDER.

WHEREAS, in Decision No. 11096 (22 C. R. C. 394), in the above entitled matter, this Commission provided with reference to Schedule No. 1 therein established, that such rates would be subject to decrease on the basis of 3 cents per thousand cubic feet for each 10 cents decrease in the cost of oil below the price of \$1.50 per barrel f. o. b. Hanford, upon order of the Railroad Commission; and

WHEREAS, the basic schedule set forth in Decision No. 11096 was based upon an oil cost of \$1.50 per barrel f. o. b. Hanford, and this schedule was then reduced 12 cents per thousand cubic feet in order to agree with the price of \$1.10 per barrel paid for oil on October 9, 1922; and

WHEREAS, Hanford Gas and Power Company now makes affidavit that on January 22, 1924, the price paid for oil was increased by 25 cents per barrel to \$1.35 f. o. b. Hanford, which is 15 cents per barrel less than the base price upon which rates were established in Decision No. 11096;

It is hereby ordered, that Hanford Gas and Power Company be and it is hereby authorized to increase its rates designated as Schedule No. 1 effective for all regular meter readings taken on and after February 22,

1924, so that said rates shall be 5 cents per thousand cubic feet less than the basic rates set forth in Decision No. 11096 in Case No. 1807.

It is hereby further ordered, that Hanford Gas and Power Company, in case it elects to exercise this privilege, file with the Commission on or before February 15, 1924, a revision of its schedules as herein authorized.

Dated at San Francisco, California, this eleventh day of February, 1924.

DECISION No. 13141.

IN THE MATTER OF THE APPLICATION OF COAST VALLEYS GAS AND ELECTRIC COMPANY, A CORPORATION, FOR AN ORDER REVISING THE BASE RATE FOR GAS SERVICE AS HERETOFORE FIXED BY DECISION NUMBER 9327, CASE NUMBER 1611.

Application No. 8173.

Decided February 11, 1924.

BY THE COMMISSION.

FIRST SUPPLEMENTAL ORDER.

WHEREAS, in Decision No. 11243 in the above entitled matter this Commission provided, with reference to Schedules A and B of Coast Valleys Gas and Electric Company, that such rates would be subject to decrease, on approval of the Railroad Commission, on the basis of 3 cents per thousand cubic feet for each 10 cents decrease in the price of oil below the price of \$1.75 per barrel; and

WHEREAS, the gas rates of Coast Valleys Gas and Electric Company have heretofore been reduced by 22 cents per thousand cubic feet for Schedule A and 18 cents per thousand cubic feet for Schedule B, by reason of decreases in the price of oil of 75 cents and 60 cents, respectively; and

WHEREAS, Coast Valleys Gas and Electric Company now makes affidavit that on January 22, 1924, the price paid for oil was increased by 25 cents per barrel to \$1.25 per barrel in Monterey, and \$1.40 per barrel in Salinas, these prices being 50 cents and 35 cents per barrel, respectively, less than the base price upon which rates were established in Decision No. 11243;

It is hereby ordered, that Coast Valleys Gas and Electric Company be and it is hereby authorized to increase its rates designated as Schedules Nos. A and B, as determined in Decision No. 11243, effective for all regular meter readings taken on and after February 22, 1924, so that Schedule A shall be 15 cents per thousand cubic feet and Schedule B

11 cents per thousand cubic feet less than the basic rates set forth in Decision No. 11243 in Application No. 8173.

It is hereby further ordered, that Coast Valleys Gas and Electric Company, in case it elects to exercise this privilege, file with the Commission on or before February 15, 1924, a revision of its schedules as herein authorized.

Dated at San Francisco, California, this eleventh day of February, 1924.

DECISION No. 13142.

ROBERT H. DALY ET AL.

vs.

PACIFIC GAS AND ELECTRIC COMPANY, A CORPORATION.

Case No. 1843.

Decided February 13, 1924.

BY THE COMMISSION.

SECOND SUPPLEMENTAL ORDER.

WHEREAS, in Decision No. 12580 in the above entitled matter, this Commission provided, with reference to the steam rates of Pacific Gas and Electric Company, that such rates be subject to increase or decrease, upon approval of the Railroad Commission, on the basis of 3 cents per thousand pounds of steam for each 10 cents per barrel increase or decrease, respectively, in the cost of oil above or below the price in effect on August 1, 1923; and

WHEREAS, Pacific Gas and Electric Company makes affidavit that on January 22, 1924, the price paid for oil was increased by 25 cents per barrel above the price in effect on August 1, 1923; and

WHEREAS, Pacific Gas and Electric Company makes further affidavit that on February 5, 1924, the price of oil again increased by 15 cents per barrel, a total of 40 cents per barrel above the price in effect on August 1, 1923;

It is hereby ordered, that Pacific Gas and Electric Company be and it is hereby authorized to increase its rates for steam as determined in Decision No. 12580 by 7 cents per one thousand pounds, effective for all regular meter readings taken on and after February 22, 1924.

It is hereby further ordered, that Pacific Gas and Electric Company be and it is hereby authorized to increase its rates for steam as determined in Decision No. 12580 by 12 cents per one thousand pounds, effective for all regular meter readings taken on and after March 5, 1924.

It is hereby further ordered, that the Pacific Gas and Electric Company, in case it elects to exercise this privilege, file with the Commission on or before February 22, 1924, revisions of its schedule as herein authorized.

Dated at San Francisco, California, this thirteenth day of February, 1924.

DECISION No. 13143.

IN THE MATTER OF THE APPLICATION OF SAN JOAQUIN LIGHT AND POWER CORPORATION FOR AN ORDER AUTHORIZING THE RECLASSIFICATION OF ITS PREFERRED STOCK.

Application No. 9692.

Decided February 13, 1924.

BY THE COMMISSION.

FIRST SUPPLEMENTAL ORDER.

San Joaquin Light and Power Corporation reports that the reclassification of its 6 per cent preferred stock can be better effected in a way different from that outlined at the hearing had on January 22, 1924. It now proposes to amend its articles of incorporation by dividing the \$25,000,000 of authorized 6 per cent preferred stock into two series: Series "A" and Series "B." Series "A" will consist of \$18,500,000 of 7 per cent preferred stock cumulative from date of issue. Series "B" will consist of the \$6,500,000 outstanding preferred stock, which bears a dividend at the rate of 6 per cent per annum. Series "B" 6 per cent preferred stock will be convertible into Series "A" 7 per cent preferred stock and, as the conversion is effected, Series "B" stock will be held in the company's treasury unissued, subject to issue after it has had the cumulated dividends eliminated or changed to Series "A" preferred stock. Under the plan, as now outlined, a dividend of \$4.50 per share will be paid to all holders of the present 6 per cent preferred stock prior to the conversion of such stock into 7 per cent cumulative preferred stock.

Applicant asks the Commission to modify the order in Decision No. 13080, dated January 26, 1924, so as to permit applicant to amend its articles of incorporation as indicated in this order and exchange its 6 per cent preferred stock into 7 per cent preferred stock on the basis outlined. The Commission has considered applicant's request and believes that such request should be granted subject to the provisions of this order; therefore

It is hereby ordered, that the order in Decision No. 13080, dated January 26, 1924, reading:

It is hereby ordered, that San Joaquin Light and Power Corporation be and it is hereby authorized to amend its articles of incorporation so that its 6 per cent cumulative preferred stock will from and after December 1, 1923, bear cumulative dividends at the rate of 7 per cent per annum; provided, that all claims for \$845,000 of the accumulated dividends now unpaid upon such stock be canceled; and provided further, that within sixty (60) days after the date hereof San Joaquin Light and Power Corporation file with the Commission a certified copy of a duly and legally executed resolution of its board of directors to the effect that it will not pay any dividends on its common stock unless and until the surplus reported to this Commission on November 30, 1923, at \$3,107,203.14 has, as a result of surplus earnings, been increased to an amount not less than \$4,000,000, and to the further effect that it will not pay dividends on such common stock in an amount which will thereafter reduce such surplus to a sum less than \$4,000,000.

be and it is hereby amended so as to read:

It is hereby ordered, that San Joaquin Light and Power Corporation be and it is hereby authorized to amend its articles of incorporation so as to provide for \$18,500,000 par value of Series "A" 7 per cent preferred stock, cumulative from date of issue, and \$6,500,000 of Series "B" 6 per cent preferred stock and to issue not exceeding \$6,500,000 of said Series "A" 7 per cent preferred stock in exchange for a like amount of Series "B" 6 per cent preferred stock, provided that within sixty (60) days after the date hereof San Joaquin Light and Power Corporation file with the Commission a certified copy of a duly and legally executed resolution of its board of directors to the effect that it will not pay any dividends on its common stock unless and until the surplus reported to this Commission on November 30, 1923, at \$3,107,203.14 has, as a result of surplus earnings, been increased to an amount not less than \$4,000,000 and to the further effect that it will not pay dividends on such common stock in an amount which will thereafter reduce such surplus to a sum less than \$4,000,000.

It is hereby further ordered, that the order in Decision No. 13080, dated January 26, 1924, shall remain in full force and effect except as modified by this first supplemental order.

Dated at San Francisco, California, this thirteenth day of February, 1924.

DECISION No. 13144.

IN THE MATTER OF THE APPLICATION OF PACIFIC GAS AND ELECTRIC COMPANY, A CORPORATION, FOR AN ORDER OF THE RAILROAD COMMISSION FIXING FAIR AND REASONABLE RATES FOR GAS SUPPLIED TO ITS CONSUMERS.

Application No. 6108.

Decided February 13, 1924.

BY THE COMMISSION.

FIFTH SUPPLEMENTAL ORDER.

WHEREAS, in Decision No. 9125 (20 C. R. C. 64), in the above entitled matter, this Commission provided, with reference to the rates therein

established, that such rates would be subject to increase or decrease by amounts as set forth therein upon approval of the Railroad Commission, based upon a change in the price paid for oil in the various communities served; and

WHEREAS, Pacific Gas and Electric Company has heretofore filed with this Commission affidavits that the price paid for oil has been heretofore reduced by a total of 75 cents per barrel, and the Commission having in consequence, in Decision No. 10811, ordered reductions as follows:

Schedule G-1.....	15 cents per 1000 cubic feet
Schedule G-3.....	18 cents per 1000 cubic feet
Schedule G-4.....	16 cents per 1000 cubic feet
Schedule G-5.....	19 cents per 1000 cubic feet
Schedule G-6.....	19 cents per 1000 cubic feet
Schedule G-7.....	21 cents per 1000 cubic feet
Schedule G-8.....	23 cents per 1000 cubic feet
Schedule G-9.....	16 cents per 1000 cubic feet

and

WHEREAS, Pacific Gas and Electric Company makes affidavit that as of January 22, 1924, the price paid for oil was increased; and

WHEREAS, Pacific Gas and Electric Company makes further affidavit that as of February 5, 1924, the price paid for oil was again increased;

It is hereby ordered, that Pacific Gas and Electric Company be and it is hereby authorized to increase the rates for gas service as determined in Decision No. 10811, effective for all regular meter readings taken on and after February 22, 1924, so that the rates of the several schedules shall be less than the basic rates of the respective schedules set forth in Decision No. 9125 by the following amounts:

Schedule G-1.....	10 cents per 1000 cubic feet
Schedule G-3.....	13 cents per 1000 cubic feet
Schedule G-4.....	11 cents per 1000 cubic feet
Schedule G-5.....	13 cents per 1000 cubic feet
Schedule G-6.....	13 cents per 1000 cubic feet
Schedule G-7.....	15 cents per 1000 cubic feet
Schedule G-8.....	18 cents per 1000 cubic feet
Schedule G-9.....	12 cents per 1000 cubic feet

It is hereby further ordered, that Pacific Gas and Electric Company be and it is hereby authorized to increase its rates for gas service as determined in Decision No. 10811, effective for all regular meter readings taken on and after March 5, 1924, so that the rates of the several schedules shall be less than the basic rates of the respective schedules set forth in Decision No. 9125 by the following amounts:

Schedule G-1.....	7 cents per 1000 cubic feet
Schedule G-3.....	10 cents per 1000 cubic feet
Schedule G-4.....	8 cents per 1000 cubic feet
Schedule G-5.....	9 cents per 1000 cubic feet
Schedule G-6.....	9 cents per 1000 cubic feet
Schedule G-7.....	11 cents per 1000 cubic feet
Schedule G-8.....	13 cents per 1000 cubic feet
Schedule G-9.....	9 cents per 1000 cubic feet

It is hereby further ordered, that Pacific Gas and Electric Company, in case it elects to exercise this privilege, file with the Commission on or before February 22, 1924, revisions of its schedules as herein authorized.

Dated at San Francisco, California, this thirteenth day of February, 1924.

DECISION No. 13150.

IN THE MATTER OF THE APPLICATION OF COAST VALLEYS GAS AND ELECTRIC COMPANY, A CORPORATION, FOR AN ORDER REVISING THE BASE RATE FOR GAS SERVICE AS HERETOFORE FIXED BY DECISION NUMBER 9397, CASE NUMBER 1611.

Application No. 8173.

Decided February 14, 1924.

BY THE COMMISSION.

SECOND SUPPLEMENTAL ORDER.

WHEREAS, in Decision No. 11243 in the above entitled matter this Commission provided, with reference to Schedules A and B of Coast Valleys Gas and Electric Company, that such rates would be subject to decrease on approval of the Railroad Commission on the basis of 3 cents per thousand cubic feet for each 10 cents decrease in the price of oil below the price of \$1.75 per barrel; and

WHEREAS, The gas rates of Coast Valleys Gas and Electric Company have heretofore been reduced by 15 cents per thousand cubic feet for Schedule A and 11 cents per thousand cubic feet for Schedule B, by reason of decreases in the price of oil of 50 cents and 35 cents respectively; and

WHEREAS, Coast Valleys Gas and Electric Company now makes affidavit that on February 5, 1924, the price paid for oil was increased by 15 cents per barrel to \$1.40 per barrel in Monterey and \$1.55 per barrel in Salinas, these prices being 35 cents and 20 cents per barrel, respectively, less than the base price upon which rates were established in Decision No. 11243;

It is hereby ordered, that Coast Valleys Gas and Electric Company be and it is hereby authorized to increase its rates designated as Schedules Nos. A and B as determined in Decision No. 13141, effective for all regular meter readings taken on and after March 5, 1924, so that Schedule A shall be 11 cents per thousand cubic feet and Schedule B 6 cents per thousand cubic feet less than the basic rates set forth in Decision No. 11243 in Application No. 8173.

It is hereby further ordered, that Coast Valleys Gas and Electric Company, in case it elects to exercise this privilege, file with the Com-

mission on or before March 1, 1924, a revision of its schedules as herein authorized.

Dated at San Francisco, California, this fourteenth day of February, 1924.

DECISION No. 13151.

IN THE MATTER OF THE INVESTIGATION OF GAS RATES, SERVICE
AND OPERATION OF COAST COUNTIES GAS AND ELECTRIC COM-
PANY ON THE COMMISSION'S OWN MOTION.

Case No. 1660.

Decided February 14, 1924.

BY THE COMMISSION.

FOURTH SUPPLEMENTAL ORDER.

WHEREAS, in Decision No. 9840 (20 C. R. C. 952), in the above entitled matter, this Commission provided with reference to Schedules Nos. 1, 2 and 5 of Coast Counties Gas and Electric Company that such rates would be subject to increase or decrease, upon approval of the Railroad Commission, on the basis of 3 cents per thousand cubic feet for each 10 cents increase or decrease, respectively, in the price of oil above or below the price of \$1.65 per barrel in Santa Cruz and \$1.73 per barrel in Watsonville; and

WHEREAS, Coast Counties Gas and Electric Company has heretofore filed with this Commission affidavits that the price paid for oil had been reduced by a total of 25 cents per barrel and the Commission having, in consequence, in Decision No. 13135, ordered reductions totaling 8 cents per thousand cubic feet; and

WHEREAS, Coast Counties Gas and Electric Company now makes affidavit that on February 5, 1924, the price paid for oil was increased by 15 cents per barrel to \$1.55 per barrel in Santa Cruz and \$1.63 per barrel in Watsonville, which is 10 cents per barrel less than the base price upon which rates were established in Decision No. 9840;

It is hereby ordered, that Coast Counties Gas and Electric Company be and it is hereby authorized to increase the rates designated as Schedules Nos. 1, 2 and 5, as determined in Decision No. 13135, effective for all regular meter readings taken on and after March 5, 1924, so that said rates shall be three (3) cents per thousand cubic feet less than the basic rates set forth in Decision No. 9840, in Case No. 1660.

It is hereby further ordered, that Coast Counties Gas and Electric Company, in case it elects to exercise this privilege, file with the Com-

mission on or before March 1, 1924, a revision of its schedules as herein authorized.

Dated at San Francisco, California, this fourteenth day of February, 1924.

DECISION No. 13162.

IN THE MATTER OF THE INVESTIGATION ON THE COMMISSION'S OWN MOTION REGARDING THE ADEQUACY OF TELEPHONE SERVICE RENDERED BY SOUTHWESTERN HOME TELEPHONE COMPANY IN THE TOWN OF MURRIETTA, RIVERSIDE COUNTY, CALIFORNIA.

Case No. 1953.

Decided February 16, 1924.

Earl D. Finch, for Southwestern Home Telephone Company.
M. M. Winslow, and *S. E. Provolt*, for California Farm Bureau.
Hugo Guenther, for Murrietta Hot Springs.
J. L. Adams, for The Pacific Telephone and Telegraph Company.

BY THE COMMISSION.

OPINION AND ORDER DENYING REHEARING.

Southwestern Home Telephone Company on January 28, 1924, petitioned this Commission for a rehearing requesting the Commission to modify its order in Decision No. 12893, requiring the establishment of a local exchange at Murrietta. This request was made on the grounds that it has only succeeded in securing applications for fourteen (14) telephones and that, in view of the expense incident to the construction of the proposed exchange, it believed that it should not establish this exchange unless the applications for a minimum of twenty-five (25) applicants be received.

Southwestern Home Telephone Company, at the hearing in this proceeding held on November 1, 1923, claimed that the town of Murrietta and surrounding territory are within that area to which it holds itself out to furnish exchange telephone service and stipulated that there did exist at Murrietta a demand for exchange telephone service; that there was no question in its mind as to the necessity for the establishment of a local exchange at Murrietta and that it did not intend to dispute that fact, and would not require the Commission or the proponents of this exchange to prove the necessity for its establishment, and further, that it was willing to establish an exchange at Murrietta under such rates as the Commission might fix.

As a result of these stipulations by the company, the hearing in this proceeding was devoted to questions relative to the rates applying to local exchange service.

Southwestern Home Telephone Company has been allotted certain territory within which, at the present time, it alone has the right and privilege of rendering and furnishing telephone service. This right and privilege allowed the Southwestern Home Telephone Company, although having the practical result of protecting the company against competition, assumes however, that the company shall render and furnish, at all times, proper and adequate telephone service. The furnishing and rendering of proper and adequate service not only applies to service to existing subscribers, but also to the service to prospective subscribers within the allotted territory, as may be requested.

For such service rendered, the utility is entitled to receive a fair return upon the moneys reasonably invested. In any system some services will naturally be more profitable to the utility than others and, in fact, a particular service, or group of services, may not necessarily in itself, or in themselves, return to the utility a profit, but considering all factors and conditions, the service should be rendered. For Southwestern Home Telephone Company to argue that it should not render a particular service because that service happens to be less profitable than some other service which it is now rendering, is contrary to the fundamental principles of public regulation.

It appears, therefore, to this Commission that it is the duty of the Southwestern Home Telephone Company to render a local telephone service in Murrietta and for the company to delay or refuse to render this service will be looked upon as an evasion of this duty.

For the above reasons it appears that Southwestern Home Telephone Company should, at once, establish a local exchange in the town of Murrietta and that the application for rehearing for order modifying this Commission's former order should be denied.

ORDER.

Southwestern Home Telephone Company having applied to this Commission for a rehearing in this proceeding, requesting a modification of the order of this Commission's Decision No. 12893, requiring the establishment of a local exchange at Murrietta; the Commission having fully considered this request, and it appearing that there does exist a demand for local telephone service in the town of Murrietta, and for this reason and other reasons set forth in the opinion preceding this order;

It is hereby ordered, that the application for rehearing in this proceeding be denied.

It is hereby further ordered, that sections (2), (3), (4), (5) and (8) of this Commission's order in Decision No. 12893, be modified to read as follows:

(2) Commence work on the establishment of the exchange in the town of Murrietta, on or before February 21, 1924.

(3) Notify this Commission, on or before February 29, 1924, relative to its compliance with the order in section (1) above.

(4) Be in a position to render telephone service, covered by the rates set forth under Decision No. 12893, to applicants for service, within sixty (60) days of the date of this order.

(5) Notify this Commission within five (5) days after being ready to render service as required under section (4) above.

(8) File with this Commission rates and charges and a map showing exchange boundaries as set forth in Decision No. 12893, as required by General Order No. 68, within thirty (30) days of the date of this order.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this sixteenth day of February, 1924.

DECISION No. 13177.

IN THE MATTER OF THE APPLICATION OF A. B. WATSON, DOING BUSINESS UNDER THE FIRM NAME AND STYLE OF CROWN STAGES, FOR AUTHORITY TO SELL AND TRANSFER OPERATIVE RIGHTS FOR THE OPERATION OF AUTOMOBILE PASSENGER AND EXPRESS SERVICE BETWEEN LOS ANGELES AND SANTA ANA AND INTERMEDIATE POINTS TO PICKWICK STAGES, NORTHERN DIVISION, A CORPORATION; AND OF THE LATTER CORPORATION TO ACQUIRE AND PURCHASE THE RIGHTS AFORESAID TOGETHER WITH CERTAIN EQUIPMENT AND PERSONAL PROPERTY AND TO OPERATE SAID SERVICE AFORESAID IN CONNECTION WITH AND AS A PART OF ITS AUTO TRANSPORTATION SYSTEM BOTH AS A LOCAL AND THROUGH SERVICE; AND OF THE APPLICATION OF PICKWICK STAGES, NORTHERN DIVISION, A CORPORATION, FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY TO OPERATE AN AUTO STAGE SERVICE FOR THE TRANSPORTATION OF PASSENGERS AND EXPRESS PACKAGES BETWEEN LOS ANGELES AND ANAHEIM AND INTERMEDIATE POINTS; SANTA ANA AND ANAHEIM AND INTERMEDIATE POINTS, AND THE RIGHT TO SERVE ANY AND ALL LOCALS ON A THROUGH ROUTE; AND THE RIGHT TO ESTABLISH ANY AND ALL ADDITIONAL SERVICE BETWEEN TERMINALS AND ALL INTERMEDIATE POINTS; AND THE RIGHT TO ESTABLISH ANY AND ALL SERVICE BETWEEN THE TERMINAL ON ONE ROUTE AND/OR THE TERMINAL OF ANOTHER; AND/OR BETWEEN AN INTERMEDIATE POINT OF ONE ROUTE AND/OR BETWEEN AN INTERMEDIATE POINT ON ANOTHER.

Application No. 8431.

IN THE MATTER OF THE APPLICATION OF A. B. WATSON, TRANSACTING BUSINESS UNDER THE NAME OF CROWN STAGES, FOR A CERTIFICATE OF PUBLIC NECESSITY AND CONVENIENCE.

Application No. 7513.

IN THE MATTER OF THE APPLICATION OF MOTOR TRANSIT COMPANY, A CORPORATION, FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY AUTHORIZING IT TO OPERATE AUTOMOBILE STAGE LINES FOR THE TRANSPORTATION OF

31-29729

PERSONS, THEIR BAGGAGE AND EXPRESS MATTER LOCALLY BETWEEN THE CITIES OF ANAHEIM AND SANTA ANA, CALIFORNIA, AND IN CONJUNCTION WITH AND AS A PART OF ALL OTHER PORTIONS OF APPLICANT'S EXISTING STAGE LINE SYSTEM.

Application No. 8357.

A. B. WATSON, DOING BUSINESS UNDER THE NAME OF
CROWN STAGES,

vs.

MOTOR TRANSIT COMPANY, A CORPORATION.

• Case No. 1829.

MOTOR TRANSIT COMPANY, A CORPORATION,

vs.

A. B. WATSON, DOING BUSINESS UNDER THE FICTITIOUS NAME
OF CROWN STAGES.

Case No. 1706.

Decided February 19, 1924.

CERTIFICATE—AUTO STAGES.—Joining of operative rights to establish a through service when such rights were acquired by reason of operation as of May 1, 1917, or by certificate thereafter granted by the Railroad Commission not permitted unless upon a proper showing upon application that public convenience and necessity require through service.

Claim for operative rights covering transportation of persons or property will not be recognized if tariff filings did not specify such holding out on the part of the carrier was a matter of public record as of May 1, 1917, or has since been duly authorized by the Railroad Commission in an appropriate proceeding following application for certificate of public convenience and necessity. This conclusion reiterates the principles established by the Railroad Commission in its Decision No. 9095 in Case No. 1442, *A. B. Watson, Complainant vs. White Bus Line, a corporation et al., Defendants*, said decision having been sustained by the California Supreme Court in its decision in Case No. S. F. 10099 (64 Cal. Dec. 278).

HELD: That public convenience and necessity require operation by A. B. Watson, operating under the fictitious name and style of Crown Stages, of an automobile passenger and restricted express service between Santa Ana and Los Angeles and the connecting up of individual operative rights heretofore acquired by said Watson.

HELD: That public convenience and necessity require the operation by Motor Transit Company, a corporation, of an extension of operative rights for the carriage of passengers between Anaheim and Los Angeles to and including Santa Ana, provided that no through passengers are to be transported between the termini of Los Angeles and Santa Ana.

HELD: That proposed lease and option to purchase property and operative rights between Los Angeles and Santa Ana in accordance with the provisions of an agreement made a part of application, contains nothing against public policy and approval of lease and option authorized.

Kidd and Hardy, by *Herbert W. Kidd*, for Motor Transit Company, Complainant in Case No. 1705, Protestant in Applications Nos. 7513 and 8431, Applicant in Application No. 8357, and Defendant in Case No. 1829.

Clyde Bishop, Warren E. Libby and J. E. McCurdy, for A. B. Watson, proprietor Crown Stages, Complainant in Case No. 1829, Protestant in Application No. 8357, Applicant in Applications Nos. 8431 and 7513, and Defendant in Case No. 1706.

C. W. Cornell, for Pacific Electric Railway Company Intervener in Cases Nos. 1706 and 1829, Protestant in Applications Nos. 7513, 8431 and 8357.

- C. W. Cornell and L. N. Bradshaw*, for Southern Pacific Company, Protestant in Application No. 7513.
- Mark Thompson, A. B. Roehl and Edward Stern*, for American Railway Express Company, Protestant in Applications Nos. 8357, 7513 and 8431.
- A. L. Whittle*, for San Francisco-Oakland Terminal Railways, Protestant in Applications Nos. 8357, 7513 and 8431.
- E. T. Lucey*, for Atchison, Topeka and Santa Fe Railway Company, Protestant in Applications Nos. 8357, 7513 and 8431.
- Devlin and Brookman*, by *Frank R. Devlin*, for Franchise Carriers' Association, Protestant in Applications Nos. 8357 and 7513.
- G. L. Hoodenpyl*, City Attorney, for City of Long Beach, an interested party in Application No. 7513.

BY THE COMMISSION.

OPINION.

In Application No. 8431, as amended, A. B. Watson, operating under the fictitious name of Crown Stages, requests the approval of the Commission authorizing the sale and transfer to Pickwick Stages, Northern Division, a corporation, of certain operative rights, equipment, furniture and fixtures and other personal property.

The operative rights proposed to be transferred cover a route extending from No. 515 North Main street, Santa Ana, over the public highways to and through the city of Orange, city of Anaheim, city of Fullerton, town of Buena Park, county of Orange, town of La Mirada, Norwalk, Norwalk State Hospital, and Santa Fe Springs, in the county of Los Angeles, to a depot located at No. 558 South Los Angeles street in the city of Los Angeles. Pickwick Stages, Northern Division, a corporation, joins in the application to purchase, acquire and hereafter operate over the route hereinbefore described, and separately and on its own behalf applies for a certificate of public convenience and necessity to operate auto stage service for the transportation of passengers and express packages between Los Angeles and Anaheim and intermediate points, Santa Ana and Anaheim and intermediate points, including the right to serve any and all local points on a through route and the right to establish any and all service between terminals and all intermediate points, and to establish any and all service between the terminal on one route and/or the terminal of another, and/or between intermediate points of one route and/or between an intermediate point of another route. The intermediate points proposed to be served as shown by Exhibit "A" as a portion of the application are Bandini, Rio Honda, Santa Fe Springs, Norwalk, La Mirada, Standard Oil Station, Northam, Buena Park, Fullerton, Anaheim, Sub Station, County Hospital, Orange Junction and Orange.

In Application No. 7313, as amended, A. B. Watson, operating under the fictitious name of Crown Stages, petitions the Railroad Commission for a certificate of public convenience and necessity authorizing the connecting up of service for the transportation of passengers and

property by the merging of two routes heretofore operated, one between Los Angeles and Anaheim, the other between Anaheim, Orange and Santa Ana. This application, in effect, requests authority for the joining and thereafter operating as a through service without change of cars of two individual operating rights so as to result in a through service between Santa Ana and Los Angeles.

In Application No. 8357, Motor Transit Company, a corporation, petitions the Railroad Commission for an order declaring that public convenience and necessity require the operation by it of an automobile stage service for the carriage of persons and property between Anaheim and Santa Ana over a route beginning near Center street, Anaheim, thence southerly over the state highway to a point just south of the Orange County Hospital, thence easterly on Chapman avenue to Orange Junction (the intersection of Chapman avenue and Main street), thence southerly on Main street to Sixth street, thence easterly on Sixth street to Bush street, thence southerly on Bush street to the proposed station of the applicant company at Fifth and Bush streets, Santa Ana. Applicant also requests authority to operate said service in conjunction with and as a component part of its existing stage line system.

In Case No. 1829, A. B. Watson, doing business under the fictitious name of Crown Stages, complains of Motor Transit Company, a corporation, and alleges that the public convenience and necessity require the establishment of joint rates from Santa Ana and points intermediate on the complainant's lines to Anaheim to points reached by the lines of the defendant, and prays for an order of the Commission establishing such public convenience and necessity, together with the through rates to be charged, the connecting schedules to be observed and the division of the through rates to accrue to the participants therein. Defendant duly filed its answer denying the material allegations of the complaint and alleging that if through rates are necessary to care for the demands of the public, defendant is prepared to furnish not alone through rates but through service; that public convenience and necessity require operation by defendant between Santa Ana and Los Angeles and that defendant has therefore filed an application for an extension of its service from Anaheim to Santa Ana. Complainant filed herein his formal offer to join with defendant in the establishment of joint rates between Santa Ana and Los Angeles on the basis of the fares to be allocated to the respective lines on a mileage prorate; to run special connecting cars between Santa Ana and Anaheim to connect with such schedules of the defendant as the Commission may decide warranted by the volume of business and to increase or decrease such special service upon a showing satisfactory to the Commission;

to hold southbound connecting cars at Anaheim for late arrival of defendant's schedules for such time as may be designated by the Commission; and to have cars connecting with through service deliver inter-line passengers to and receive passengers from the Motor Transit Company's depot or station in Anaheim.

In Case No. 1706, Motor Transit Company, a corporation, complains of A. B. Watson, doing business under the fictitious name of Crown Stages, and alleges that defendant is illegally operating between Santa Ana and Los Angeles in that such operation was not being conducted by defendant, in good faith or at all, on or prior to May 1, 1917, or July 22, 1919, the dates prescribed by the state statutes in chapter 213, Laws of 1917, and chapter 280, Laws of 1919; that no certificate for such operation has been granted by the Railroad Commission; that separate operative rights between Los Angeles and Anaheim and between Anaheim and Santa Ana were combined and since on or about March 1, 1920, have been operated as a through route without authority and the issuance of a certificate of public convenience and necessity by this Commission; that defendant entered into a written agreement on or about May 4, 1918, with the A. R. G. Bus Company, predecessor in interest to complainant, by which agreement defendant, for a valuable consideration, promised and agreed not to thereafter operate any automobile stage lines between Santa Ana, Anaheim and Los Angeles. Complainant prays for an order of the Commission directing defendant to cease the alleged unlawful operation.

Defendant duly filed its answer herein alleging therein that the method of operation complained of was not in violation of the statutory law or the regulations of the Commission and that as to the joining of separate routes an application for authority so to do had been duly filed with the Commission.

Public hearings on these matters were conducted by Examiner Handford at Los Angeles at which time, by stipulation of all parties, the matters were consolidated for the purpose of receiving evidence and decision, the matters were thereafter duly submitted, have been fully considered, and are now ready for decision.

A brief outline of the stage operation of A. B. Watson, proprietor of the Crown Stages, and the Motor Transit Company in the territory covered by these proceedings is necessary for a proper understanding of the matters here at issue.

F. P. Ogden and Francis Wilson, copartners operating under the fictitious name of Valley Stage line, filed with the Railroad Commission their Local Passenger Tariff No. 1 (C. R. C. No. 1), issued February 27, 1917, and effective March 1, 1917, showing local rates and joint rates with Crown Stage Line from Anaheim to Orange and Santa Ana. The

intermediate points between Anaheim and Los Angeles as shown by this tariff were Fullerton, Buena Park, Standard Oil Station, Northam, La Mirada, Norwalk, State Hospital, Santa Fe Springs, Rio Honda and Bandini. This tariff was superseded by C. R. C. No. 2 issued June 23, 1917, effective July 1, 1917, showing local rates and also joint rates with the Crown Stages to points between Anaheim, Orange and Santa Ana. On February 11, 1920, F. P. Ogden, as proprietor of Valley Stage Line, and A. B. Watson, as proprietor of Crown Stages, filed their joint application with the Railroad Commission for an order authorizing the transfer of the Valley Stage Line between Anaheim and Los Angeles to A. B. Watson. The Commission by its Decision No. 7143 on said application (No. 5342), dated February 13, 1920, authorized the transfer of property and operative rights, and in such decision recognized the transfer and assignment of Francis Wilson as a copartner of the firm of F. B. Ogden and Francis Wilson, to F. B. Ogden, such assignment and transfer having been made on August 8, 1918. Under date of February 20, 1920, A. B. Watson, proprietor of Crown Stages, filed his Supplement No. 1 to C. R. C. No. 2, Local Passenger Tariff No. 2, issued February 19, 1920, effective February 25, 1920, adopting the fares rules and regulations theretofore filed by Valley Stage Line, a copartnership, as required by the provisions of the Commission's Decision No. 7143, dated February 13, 1920.

A. B. Watson, as proprietor of Crown Stages, filed original tariff covering operation between Anaheim, Orange and Santa Ana on February 27, 1917, Local Tariff No. 1, C. R. C. No. 1, issued February 26, 1917, effective March 1, 1917, and covering one way, round trip and commutation fares between Santa Ana, Orange, Orange County Hospital, Sub Station, Anaheim and Fullerton, and joint fares between Anaheim and Los Angeles via the White Bus Line or the Valley Stage Line. This tariff also covered other points on the Crown lines which are not pertinent to these proceedings.

None of the tariffs above referred to contained any reference to the carriage of express matter.

The tariff filings as applicable to the operative rights of the Motor Transit Company as existing on May 1, 1917, or acquired from others lawfully operating at such date, were fully considered by the Commission in connection with Case No. 1442, *A. B. Watson, Complainant, vs. White Bus Line, a corporation, et al., Defendants*, Decision No. 9065, decided June 27, 1921. By the order in such case defendants were required to desist from the transportation of persons or property as a transportation company between Santa Ana and Anaheim and intermediate points. This decision was sustained by the California Supreme Court in its Case No. S. F. 10099 (64 Cal. Dec. 278). There is no

authorization for the carriage of persons or property between Los Angeles and Santa Ana as regards local passengers originating in or destined to the portion of the line between Santa Ana and Anaheim. The lines of the Crown Stages and the Motor Transit Company parallel over the highway between Fullerton and Anaheim.

The practice of joining routes which were acquired by transfer of existing rights, either when same were acquired by operation in good faith as of May 1, 1917, or granted by certificate thereafter, and of thereafter operating through service over the acquired routes was prohibited by the Commission in its Decision No. 9892 on Application No. 5274, dated December 20, 1921 (California Railroad Commission Reports, Vol. 20, 1038), in which it was held that, in the absence of express authorization therefor by the Commission, the linking up and combining of local operations was not lawful. The Commission in its opinion recognized that the conclusion would possibly affect the existing operations of many transportation companies and signified its intention to allow a reasonable time in which applications might be received for certificates of public convenience and necessity to join operative rights for the purpose of furnishing through service over routes covered by separate rights originally held or acquired by certificate. The applications herein considered are based, in part, on the requirement of the Commission as contained in its Decision No. 9892, *supra*, and in part to bring the operations of Motor Transit Company, and A. B. Watson, operating under the fictitious name of Crown Stages, within the provisions of the statutory enactment and regulations of the Commission and to place such operations on a basis that will eliminate the allegations of the complaints herein.

The questions at issue for the determination of the Commission in these combined proceedings are as follows:

I. Does the public convenience and necessity require the operation by A. B. Watson, operating under the fictitious name and style of Crown Stages of through cars and service for the transportation of passengers and express packages between Los Angeles and Santa Ana, over a combination of routes, one between Los Angeles and Anaheim, via Bandini, Rio Honda, Santa Fe Springs, Norwalk, La Mirada, Northam, Buena Park and Fullerton; the other between Anaheim, Orange and Santa Ana.

II. Does the public convenience and necessity require the operation by Motor Transit Company, a corporation, of local service between Anaheim and Santa Ana, either in connection with its through cars now operated on its Los Angeles-San Diego line, or as an extension of its local Los Angeles-Anaheim service now operated and serving the intermediate stations of Whittier, La Habra, Brea and Fullerton; and

in connection with other points on the Motor Transit Company's system.

III. Should the proposed transfer of the operative rights of A. B. Watson between Los Angeles and Santa Ana as now existing or as may be authorized by the Commission by its decision on these proceedings be made to the Pickwick Stages, Northern Division, a corporation, and be approved by the Commission in accordance with the lease contract and agreement under which the transfer is proposed.

We will consider each of the above issues:

- I. DOES THE PUBLIC CONVENIENCE AND NECESSITY REQUIRE THE OPERATION BY A. B. WATSON, OPERATING UNDER THE FICTITIOUS NAME AND STYLE OF CROWN STAGES, OF THROUGH CARS AND SERVICE FOR THE TRANSPORTATION OF PASSENGERS AND EXPRESS PACKAGES BETWEEN LOS ANGELES AND SANTA ANA, OVER A COMBINATION OF ROUTES, ONE BETWEEN LOS ANGELES AND ANAHEIM, VIA BANDINI, RIO HONDA, SANTA FE SPRINGS, NORWALK, LA MIRADA, NORTHAM, BUENA PARK AND FULLERTON; THE OTHER BETWEEN ANAHEIM, ORANGE AND SANTA ANA.

The operative rights of A. B. Watson, operating under the fictitious name and style of Crown Stages, as regards operations between Santa Ana, Orange and Anaheim, were those acquired by operation in good faith on May 1, 1917, and continuously thereafter; those between Anaheim and Los Angeles were acquired from F. P. Ogden, formerly operating under the fictitious name and style of Valley Stage Line, the transfer being approved by this Commission's Decision No. 7143 on Application No. 5342, decided February 13, 1920, in which decision the Commission recognized the transfer by assignment of the interest of Francis Wilson as a copartner in the firm of Ogden and Wilson. The record in such proceeding also show a waiver by said Wilson of all his right, title and interest in the operative right between Los Angeles and Anaheim via Santa Fe Springs, Norwalk, Buena Park and Fullerton.

No right for the carriage of express packages is established by the record of tariff filings of A. B. Watson or his predecessors who operated the so-called Valley Stage Line and, although it appears that express was carried, it was without any authority conferred by the statutory law or any order of this Commission, and the present public convenience and necessity to be served, as well as the necessity for the joining of the two independent operative rights to form a through line between Los Angeles and Santa Ana, will require establishment by the testimony, exhibits and record herein.

Exhibits filed herein show the total number of tickets sold for points on the Crown Stage Line and covering passage between the separate routes herein sought to be connected, and for the period from August 15, 1921, to October 17, 1922, both dates inclusive, provided for the transportation of 299,297 passengers, all classes of tickets—one way, round trip and commutation—being considered, and while some refunds were

made on unused tickets, the total of such refunds represented but 608 one way passengers, or a net of 298,689 passengers, and an average of 21,335 passengers per month. In the opinion of the Commission the record of the number of passengers heretofore carried during the above period, between the separate routes herein sought to be combined, clearly establishes the necessity for the continuance of the service heretofore rendered and is a sufficient basis for the granting of a certificate, in so far as the passenger business is concerned.

As to the matter of express and packages, the exhibits herein filed, show that the number of express packages handled between Los Angeles and Santa Ana and intermediate points for the months of June, 1922, and January, 1923, were 1719 and 2669, or a daily average of 57 and 86.

Several witnesses testified as to the convenience and satisfactory service enjoyed by the facilities heretofore offered by applicant. It appears from the testimony of these witnesses that the service desired covers the transportation of packages and reasonably small shipments, rather than the general carriage of express, and from the evidence we are of the opinion and hereby find as a fact that applicant has justified the granting of a certificate for the carriage of express matter between Los Angeles and Santa Ana and intermediate points when such packages do not exceed thirty pounds in weight, and provided further that such shipments are to be carried on the passenger stages of applicant, there appearing no present justification for the authorization of a general express business necessitating the operation of stages or trucks solely for such carriage.

II. DOES THE PUBLIC CONVENIENCE AND NECESSITY REQUIRE THE OPERATION BY MOTOR TRANSIT COMPANY, A CORPORATION, OF LOCAL SERVICE BETWEEN ANAHEIM AND SANTA ANA, EITHER IN CONNECTION WITH ITS THROUGH CARS NOW OPERATED ON ITS LOS ANGELES-SAN DIEGO LINE, OR AS AN EXTENSION OF ITS LOCAL LOS ANGELES-ANAHEIM SERVICE NOW OPERATED AND SERVING THE INTERMEDIATE STATIONS OF WHITTIER, LA HABRA, BREA AND FULLERTON; AND IN CONNECTION WITH OTHER POINTS ON THE MOTOR TRANSIT COMPANY'S SYSTEM.

Evidence was received from a number of witnesses as to the inconvenience caused by the transfer at Fullerton and Anaheim to or from the Crown Stages by passengers originating on or destined to points on the Motor Transit Company's line between Los Angeles and Anaheim, particularly from local points between Los Angeles and Anaheim. These witnesses complain as to the inconvenience arising from the necessity to change cars, the loss of time by reason of proper connecting schedules not being available and as to the condition of equipment operated by the Crown Stage Line as to its comfort in comparison with the type of equipment as operated by the Motor Transit Company. Resolutions endorsing the application of the Motor Transit Company were received

from the Montebello Chamber of Commerce, La Habra Chamber of Commerce and the Ebell Club of Fullerton.

From an exhibit filed by Motor Transit Company covering the period from August 15, 1921, to October 17, 1922, both dates inclusive, the ticket sales provided for transportation in the district between Santa Ana and Anaheim either locally or originating at, or destined to, points on the line of the Motor Transit Company between Anaheim and Los Angeles as follows:

Form of ticket	Number sold	Equivalent in one-way trips
Half fare, one way-----	552	552
Half fare, round trip-----	705	1,410
Full fare, one way-----	33,204	33,204
Full fare, round trip-----	23,891	47,782
10-ride commutation-----	259	2,590
30-ride commutation-----	462	13,860
Total-----		99,398

The through passengers between Los Angeles and Santa Ana during the same period were represented by the following ticket sales:

Form of ticket	Number sold	Equivalent in one-way trips
Half fare, one way-----	137	137
Half fare, round trip-----	85	170
Full fare, one way-----	9,908	9,908
Full fare, round trip-----	7,255	14,510
10-ride commutation-----	1	10
30-ride commutation-----	4	120
Total-----		24,855

We have carefully considered the evidence and exhibits regarding the passenger traffic and are of the opinion and hereby find as a fact that public convenience and necessity require the extension of the present local service of the Motor Transit Company between Los Angeles and Anaheim to the district between Anaheim and Santa Ana for the accommodation to local passengers only. There has been no showing justifying the transportation of through passengers by the Motor Transit Company between Los Angeles and Santa Ana and the order herein will so restrict the operative right granted.

The first tariff of White Bus Line, Local Passenger Tariff No. 1 (C. R. C. No. 1), issued February 28, 1917, and effective March 1, 1917, covering passenger fares between Los Angeles, Anaheim, Santa Ana and intermediate points contained no rates for the transportation of baggage, packages or express; Local Passenger Tariff No. 2 of White Bus Line, incorporated, issued February 15, 1918, and effective February 20, 1918 (C. R. C. No. 2 canceling C. R. C. No. 1), contained in the Rules and Regulations, under the caption "Baggage," the following:

"Hand baggage not over 30 pounds carried free. Packages and excess baggage when not too large to be safely handled, will be carried at the rate of 3 cents per pound. Minimum charge for package 15 cents; for baggage 25 cents."

From the above it is apparent that on May 1, 1917, there was no holding out to the public of an offer to transport baggage, parcels or express for compensation and no certificate of public convenience and necessity has since been applied for or granted. The tariffs of the A. R. G. Bus Company contained no reference to the carriage of baggage, express or parcels over the routes herein considered as of May 1, 1917. The applicant, Motor Transit Company, is successor in interest, by authority of the Commission, to the rights and privileges owned by the A. R. G. Bus Company and White Bus Company as of May 1, 1917, and both such applicant and this Commission are bound by the decision of the California Supreme Court in its Case No. S. F. 10099 (64 Cal. Dec., 278), that no elaboration or increase of operative rights can now be claimed which were not actually being given, in good faith, on May 1, 1917, unless authority therefor has been granted by this Commission in an appropriate proceeding.

Exhibits filed by Motor Transit Company show express matter to have been handled during the month of August, 1922, over the territory for which operating right is herein sought as follows:

	Number shipments	Revenue
Los Angeles-----Santa Ana -----	472	\$123 25
Whittier-----Santa Ana -----	23	3 45
Fullerton-----Santa Ana -----	24	3 60
Anaheim-----Santa Ana -----	31	5 90
Santa Ana-----Los Angeles -----	67	14 64
Santa Ana-----Whittier -----	27	12 15
Santa Ana-----Brea -----	12	1 40
Santa Ana-----La Habra -----	12	1 40
Santa Ana-----Fullerton -----	67	9 35
Totals-----	735	\$165 14

A statement, filed as an exhibit of Motor Transit Company, for the period August 15, 1921, to October 17, 1922, inclusive, shows the total shipments originating or terminating in the district for which express privilege is herein requested to be extended to be 6218, producing a revenue of \$1,619.95. This is an average of 444 shipments per month with an average monthly revenue of \$115.71. Other than the data shown in exhibits herein filed, there is no evidence of witnesses bearing on the need for express service by the Motor Transit Company between Santa Ana and Anaheim, and in view of the limited amount of business as shown by the record herein, the fact that no express or local passengers are now being transported by Motor Transit Company between Anaheim and Santa Ana; that no authorization has been shown or is revealed by an inspection of the Commission's records for any transpor-

tation of express or packages; and the further fact that the express rights and the matter of the public convenience and necessity for the transportation of parcels and express matter by the Motor Transit Company are now the subject of investigation by this Commission in another proceeding, we are of the opinion that no showing has been made herein justifying the granting of the desired certificate in so far as it refers to the carriage of express and parcels between Santa Ana and Anaheim, or between such territory and other points on the lines comprising the operative system of said Motor Transit Company.

III. SHOULD THE PROPOSED TRANSFER OF THE OPERATIVE RIGHTS OF A. B. WATSON BETWEEN LOS ANGELES AND SANTA ANA AS NOW EXISTING OR AS MAY BE AUTHORIZED BY THE COMMISSION BY ITS DECISION ON THESE PROCEEDINGS BE MADE TO THE PICKWICK STAGES, NORTHERN DIVISION, A CORPORATION, AND BE APPROVED BY THE COMMISSION IN ACCORDANCE WITH THE LEASE CONTRACT AND AGREEMENT UNDER WHICH THE TRANSFER IS PROPOSED.

Applicants, A. B. Watson, operating under the fictitious name and style of Crown Stages, and Pickwick Stages, Northern Division, a corporation, by their amended application filed herein, have petitioned for an order of this Commission approving a lease and transfer of the operative rights for the transportation of persons and property as may be now owned by applicant, Watson, or as may be authorized by this Commission in its determination, decision and order on the proceedings herein, and covering transportation of persons and property by auto stages between Los Angeles and Santa Ana, via Orange, Anaheim, Fullerton, Northam, La Mirada, Norwalk, State Hospital, Santa Fe Springs, Rio Honda and Bandini.

The lease and option agreement attached to and forming a part of the amended application, provides for the payment of \$10,000 upon the execution of the agreement, \$20,000 within ten days after the approval of the agreement by the Railroad Commission and \$1,700 per month on the fifteenth day of each and every month thereafter until the full sum of \$109,900 shall have been paid, and that when the full principal sum shall have been paid, said Pickwick Stages, Northern Division, shall have the option to purchase for the sum of \$1 all the right, title and interest of said A. B. Watson in the operative rights for the conduct of the stage line for the transportation of persons and property between Los Angeles and Santa Ana and the equipment and personal property more specifically described in inventories "A," "B" and "C" attached to and forming a part of the agreement herein made a portion of the application.

There appears nothing in the proposed lease contract, or the agreement made a part thereof, that is contrary to the public policy or interest and it appears from the testimony herein that applicant, Pick-

wick Stages, Northern Division, is financially able to comply with the terms imposed by the agreement and to satisfactorily render service to the public. The Commission will, in its order, require applicant to waive any claim for value of any operative rights as regards any rate or valuation proceeding and will regard any value for operative rights, going concern or goodwill as being applicable only for the purpose of the lease contract and transfer herein sought.

ORDER.

Public hearings having been held in the above entitled proceedings, the matter having been duly submitted and the Commission now being fully advised and basing its order on the statements and findings of fact as herein fully set forth in the opinion which precedes this order:

The Railroad Commission hereby declares that public convenience and necessity requires the operation by A. B. Watson, operating under the fictitious name and style of Crown Stages, of an automobile stage line as a common carrier of passengers and express packages between Los Angeles and Santa Ana and the intermediate points of Orange, Anaheim, Fullerton, Buena Park, Northam, La Mirada, Norwalk, Santa Fe Springs, Rio Honda, and Bandini, provided, however, that the transportation of express packages shall be confined to such packages as do not exceed a weight of thirty (30) pounds and that such packages are carried only on the passenger stages. No authorization is hereby conveyed for the establishment of a general express business or the operation of stages or trucks devoted to such carriage of parcels or express.

The Railroad Commission hereby declares that the public convenience and necessity require the operation by Motor Transit Company, a corporation, of an automobile stage line as a common carrier of passengers between Anaheim and Santa Ana as an extension of its present local service between Los Angeles and Anaheim, such authorization, however, not to include the right to transport through passengers between the termini of Los Angeles and Santa Ana.

It is hereby ordered—

I. That a certificate of public convenience and necessity be and the same hereby is issued to A. B. Watson, operating under the fictitious name of Crown Stages, for the operation of passenger automobile stage service as a common carrier of passengers and express parcels between Los Angeles and Santa Ana serving the intermediate communities of Orange, Anaheim, Fullerton, Buena Park, Northam, Norwalk, State Hospital, Santa Fe Springs, Rio Honda and Bandini; provided, however, that the transportation of express packages hereby authorized shall be confined to those not exceeding a weight of thirty (30) pounds

each, and that such packages be carried only on the passenger stages of applicant.

II. That a certificate of public convenience and necessity be and the same hereby is granted to Motor Transit Company, a corporation, for the operation of an automobile stage line as a common carrier of passengers between Los Angeles and Santa Ana as an extension of applicant's present operative rights for the carriage of passengers between Los Angeles and Anaheim, provided, however, that no through passengers may be carried between the termini of Los Angeles and Santa Ana.

III. That the lease contract agreement between A. B. Watson, operating under the fictitious name and style of Crown Stages, and Pickwick Stages, Northern Division, a corporation, for the lease of operative rights for the operation of a stage line for the transportation of passengers and express packages between Los Angeles and Santa Ana, as more particularly set forth in paragraph I of this order, be and the same hereby is approved, except as to any value placed on equipment, personal property, operative rights, goodwill, or going concern value, as appearing in the agreement made a portion of the application for transfer by lease contract and such statements of value shall never be claimed as having received the approval of this Commission before it or any judicial or regulatory body in any valuation or rate fixing proceeding, the values being only considered as those satisfactory to the contracting parties for the purpose of the agreement and in no wise binding upon or approved by this Commission in any other manner than the approval of the lease contract by which the line is transferred.

IV. (A) That applicants herein shall file with this Commission within ten (10) days from the date of this order their written acceptance of the terms and conditions of this order, such acceptance to state the date, or dates, upon which the operation herein authorized will commence, which date shall not be more than sixty (60) days from the date of this order unless same be extended by a supplemental order herein.

(B) That applicants will comply with all necessary tariff and schedule filings, or cancellations of tariffs which may be superseded by this order, and in accordance with the provisions of this Commission's General Order No. 51, such filings and cancellations to be made at least ten (10) days prior to the commencement of operation as herein authorized.

(C) The rights and privileges herein authorized may not hereafter be sold, assigned, transferred, leased or hypothecated unless such sale, assignment, transfer, lease or hypothecation has first received the written approval of this Commission.

(D) No vehicle may be operated by any applicant herein over any route herein authorized unless such vehicle is owned by said applicant or is leased by such applicant under a contract or agreement on a basis satisfactory to the Railroad Commission.

V. That as to all matters not hereinbefore covered by the preceding paragraphs of this order, Applications Nos. 8431, 7513 and 8357 be and the same hereby are denied.

That as to all matters not hereinbefore covered by the preceding paragraphs of this order, Cases Nos. 1706 and 1829 be and the same hereby are dismissed.

The effective date of this order is hereby fixed as of March 1, 1924.

Dated at San Francisco, California, this nineteenth day of February, 1924.

DECISION No. 13181.

IN THE MATTER OF THE INVESTIGATION BY THE COMMISSION, ON ITS OWN MOTION, INTO THE REASONABLENESS OF THE GAS RATES OF SAN JOAQUIN LIGHT AND POWER CORPORATION IN THE CITIES OF SELMA AND MERCED.

Case No. 1803.

Decided February 19, 1924.

BY THE COMMISSION.

FIRST SUPPLEMENTAL ORDER.

WHEREAS, in Decision No. 11092 (22 C. R. C. 383), in the above entitled matter this Commission provided with reference to schedules "A" and "C" of San Joaquin Light and Power Corporation that such rates would be subject to decrease upon approval of the Railroad Commission on the basis of 3 cents per thousand cubic feet for each 10 cents decrease in the cost of oil below the price of \$1.97 per barrel f. o. b. Selma and \$2 per barrel f. o. b. Merced; and

WHEREAS, the Commission heretofore reduced the above schedules by 21 cents per thousand cubic feet by reason of a reduction in the price of oil of 70 cents per barrel below the base prices; and

WHEREAS, the San Joaquin Light and Power Corporation now makes affidavit that on January 22, 1924, the price paid for oil was increased by 25 cents per barrel, and that on February 5, 1924, the price was again increased by 15 cents per barrel;

It is hereby ordered, that San Joaquin Light and Power Corporation be and it is hereby authorized to increase the rates designated as schedules "A" and "C" as determined in Decision No. 11092, effective for all regular meter readings taken on and after February 22, 1924, so

that said rates shall be 14 cents per thousand cubic feet less than the basic rates set forth in the above decision.

It is hereby further ordered, that San Joaquin Light and Power Corporation be and it is hereby authorized to increase the rates designated as schedules "A" and "C" as determined in Decision No. 11092, effective for all regular meter readings taken on and after March 5, 1924, so that said rates shall be 9 cents per thousand cubic feet less than the basic rates set forth in the above decision.

It is hereby further ordered, that San Joaquin Light and Power Corporation, in case it elects to exercise this privilege, file with the Commission on or before February 22, 1924, revisions of its schedules as herein authorized.

Dated at San Francisco, California, this nineteenth day of February, 1924.

DECISION No. 13186.

IN THE MATTER OF THE APPLICATION OF THE SHASTA TRANSIT
COMPANY FOR AN ORDER AUTHORIZING THE ISSUE OF STOCK.

Application No. 9757.

Decided February 20, 1924.

BY THE COMMISSION.

ORDER.

Shasta Transit Company, a corporation engaged in operating auto stages for the transportation of passengers between Sacramento and Redding, having applied to the Railroad Commission for permission to issue and sell at par \$10,000 of its common capital stock for the purpose of financing, in part, the cost of two Fageol safety coaches, and the Railroad Commission having given consideration to applicant's request and being of the opinion that this is not a matter in which a public hearing is necessary, and that the application should be granted as herein provided;

It is hereby ordered, that Shasta Transit Company be and it is hereby authorized to issue and sell at par for cash \$10,000 of its common capital stock and to use the proceeds to pay, in part, the cost of two Fageol safety coaches.

The authority herein granted is subject to further conditions as follows:

1. Shasta Transit Company shall keep such record of the issue, sale and delivery of the stock herein authorized and of the disposition of

the proceeds as will enable it to file on or before the twenty-fifth day of each month a verified report, as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

2. Applicant shall file with the Commission a copy of any contract or contracts it may enter into for the purchase of the equipment referred to herein.

3. The authority herein granted will become effective upon the date hereof and will expire on June 30, 1924.

Dated at San Francisco, California, this twentieth day of February, 1924.

DECISION No. 13191.

IN THE MATTER OF THE APPLICATION OF MOTOR COACH COMPANY,
A CORPORATION, FOR AN ORDER PERMITTING IT TO ISSUE AND
SELL CERTAIN SHARES OF ITS CORPORATE STOCK AND TO
EXPEND THE PROCEEDS DERIVED THEREFROM FOR CERTAIN
PURPOSES.

Application No. 9750.

Decided February 21, 1924.

Kidd, Hardy and Elliott, by *H. W. Kidd*, for Applicant.

BY THE COMMISSION.

OPINION.

In this application Motor Coach Company, a corporation engaged in operating auto stages for the transportation of passengers between Santa Monica and Long Beach, asks permission to issue and sell, at par, \$55,028 of its common capital stock, and to use the proceeds to reimburse its treasury, pay outstanding indebtedness and finance the cost of additional equipment.

It appears that Motor Coach Company was organized on or about September 30, 1922, with an authorized capital stock of \$100,000, divided into 100,000 shares of the par value of \$1 each, all shares being common. By Decision No. 11606, dated February 6, 1923, the company was authorized to issue \$44,972 of stock for the purpose of acquiring the properties of V. C. Gorst and H. N. Richards, of paying indebtedness and of financing the cost of equipment. The company has heretofore reported that it has issued all of the stock authorized by the Commission's order.

The present application involves the issue and sale of all of applicant's authorized but unissued stock. It appears that the company

intends to sell its stock at par for cash and to use the proceeds for the following purposes:

To reimburse the treasury for moneys expended for equipment, additions and betterments	\$7,751 80
To pay indebtedness incurred for the purchase of equipment.....	16,655 55
To pay for two Reo busses.....	3,000 00
To purchase three Fageol busses.....	26,250 00
To purchase garage, motor and automobile parts and supplies.....	1,370 65
Total.....	\$55,028 00

The application indicates that subsequent to the acquisition of the properties of V. C. Gorst and H. N. Richards, applicant has expended \$31,350.45 for additional equipment, consisting of \$26,770.30 for three Fageol busses, \$1,822.73 for two service cars, \$1,487.90 for buildings and \$1,269.52 for furniture, fixtures and miscellaneous properties, all as set forth in some detail in Exhibit "A." Of the total cost, \$31,350.45, the company reports that \$14,694.90 has been paid, leaving an unpaid balance, represented by notes, trade acceptances and contracts, of \$16,655.55. It appears that \$6,943.10 of the \$14,694.90 was obtained from the sale of the stock authorized by Decision No. 11606; leaving a balance for which the company has not been reimbursed, of \$7,751.80. It is now applicant's intention to use \$7,751.80 of the proceeds from the sale of stock herein applied for to finance these expenditures, and \$16,655.55 to pay the indebtedness.

The company reports that its business has been increasing rapidly and that in order to meet the increased demand and to render adequate service, it will be called upon to purchase additional equipment. It reports that it intends to acquire, from Dillingham Transportation Company for \$3,000, two 14-passenger Reo busses, and in addition to purchase three new Fageol 29-passenger safety coaches with special street car bodies, at a cost of approximately \$8,750 each, or new equipment equivalent in value. The supplies to be purchased with the remaining \$1,370.65 includes ordinary parts and materials which it is desirable to have on hand for repairs and replacements.

ORDER.

Motor Coach Company having applied to the Railroad Commission for permission to issue and sell stock, and the Commission being of the opinion that this is a matter in which a public hearing is unnecessary and that the application should be granted, as herein provided;

It is hereby ordered, that Motor Coach Company be and it is hereby authorized to issue and sell, at par for cash, \$55,028 of its common capital stock and to use the proceeds for the purpose of reimbursing its treasury, of paying indebtedness and of financing the cost of addi-

tional equipment and supplies as more fully set forth in this application and in exhibits attached thereto.

The authority herein granted is subject to further conditions as follows:

1. Applicant shall keep such record of the issue, sale and delivery of the stock herein authorized and of the disposition of the proceeds as will enable it to file on or before the twenty-fifth day of each month a verified report, as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

2. The authority herein granted will become effective upon the date of this order but will expire on December 31, 1924.

Dated at San Francisco, California, this twenty-first day of February, 1924.

DECISION No. 13192.

IN THE MATTER OF THE INVESTIGATION BY THE COMMISSION ON
ITS OWN MOTION INTO THE REASONABLENESS OF THE GAS
RATES OF RIVER BEND GAS AND WATER COMPANY.

Case No. 1806.

Decided February 21, 1924.

BY THE COMMISSION

FIRST SUPPLEMENTAL ORDER.

WHEREAS, in Decision No. 11095 (22 C. R. C. 391), in the above entitled matter, this Commission provided with reference to Schedule "A" of River Bend Gas and Water Company that such rate would be subject to decrease upon approval of the Railroad Commission on the basis of 3 cents per thousand cubic feet for each 10 cents decrease in the price of oil below the price of \$1.65 per barrel f. o. b. Dinuba; and

WHEREAS, subsequent to the above-mentioned Decision, River Bend Gas and Water Company has filed with the Commission its Schedule "B," applicable to restaurant service, and said Schedule "B" is subject to the same conditions as apply to Schedule "A"; and

WHEREAS, the Commission has heretofore reduced these schedules by 16 cents per thousand cubic feet, by reason of a decrease in the cost of oil to \$1.13 per barrel; and

WHEREAS, River Bend Gas and Water Company now makes affidavit that, on January 22, 1924, the price paid for oil was increased to \$1.38 per barrel, and on February 5, 1924, the price was again increased to \$1.53 per barrel;

It is hereby ordered, that River Bend Gas and Water Company be and it is hereby authorized to increase its rates, designated as Schedules "A" and "B," as determined in Decision No. 11095, effective for all regular meter readings taken on and after February 22, 1924, so that said rates shall be 8 cents per thousand cubic feet less than the basic rates on file with the Commission.

It is hereby further ordered, that River Bend Gas and Water Company be and it is hereby authorized to increase its rates, designated as Schedules "A" and "B," as determined in Decision No. 11095, effective for all regular meter readings taken on and after March 5, 1924, so that said rates shall be 4 cents less than the basic rates on file with the Commission.

It is hereby further ordered, that River Bend Gas and Water Company, in case it elects to exercise this privilege, file with the Commission on or before February 25, 1924, revisions of its schedules as herein authorized.

Dated at San Francisco, California, this twenty-first day of February, 1924.

DECISION No. 13193.

IN THE MATTER OF THE INVESTIGATION BY THE COMMISSION ON
ITS OWN MOTION INTO THE REASONABLENESS OF THE RATES
OF MADERA GAS COMPANY.

Case No. 1805.

Decided February 21, 1924.

BY THE COMMISSION.

SECOND SUPPLEMENTAL ORDER.

WHEREAS, in Decision No. 11094 (22 C. R. C. 388'), in the above entitled matter, this Commission provided, with reference to Schedule "A" therein established, that such rates would be subject to decrease upon approval of the Railroad Commission on the basis of 2.9 cents per thousand cubic feet for each 10 cents decrease in the cost of oil below the price of \$1.70 per barrel; and

WHEREAS, Madera Gas Company has heretofore filed with this Commission affidavits that the price paid for oil has been heretofore reduced by a total of 25 cents per barrel, and the Commission having, in consequence, in Decision No. 13138 ordered reductions of 7 cents per thousand cubic feet; and

WHEREAS, Madera Gas Company now makes affidavit that on February 5, 1924, the price paid for oil was increased by 15 cents per barrel to \$1.60 f. o. b. Madera, which is 10 cents less than the basic price upon which rates were established in Decision No. 11094; and

WHEREAS, Madera Gas Company has on file with the Commission its Schedule "B," applicable to the sale of gas to restaurants and hotels and this schedule is now subject to increase by reason of an increase in the price of oil of 25 cents per barrel on January 22, 1924, and 15 cents per barrel on February 5, 1924, these increases being similar to those noted as affecting Schedule "A";

It is hereby ordered, that Madera Gas Company be and it is hereby authorized to increase its rates designated as Schedule "B," effective for all regular meter readings taken on and after February 22, 1924, so that said rates shall be 7 cents per thousand cubic feet less than the basic rates now on file with the Commission.

It is hereby further ordered, that Madera Gas Company be and it is hereby authorized to increase its rates designated as Schedules "A" and "B," effective for all regular meter readings taken on and after March 5, 1924, so that said rates shall be 3 cents per thousand cubic feet less than the basic rates set forth in Decision No. 11094 in Case No. 1805.

It is hereby further ordered, that Madera Gas Company, in case it elects to exercise this privilege, file with the Commission on or before March 1, 1924, a revision of its schedules as herein authorized.

Dated at San Francisco, California, this twenty-first day of February, 1924.

DECISION No. 13195.

IN THE MATTER OF THE APPLICATION OF E. H. COOKINGHAM, OPERATING UNDER THE NAME AND STYLE OF "LAGUNA BEACH TELEPHONE COMPANY," FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY FOR THE ACQUIRING AND CONSTRUCTION OF A TELEPHONE SYSTEM AND OF TELEPHONE LINES, RIGHTS OF WAY, NECESSARY LANDS AND OFFICES THROUGHOUT THE VICINITY KNOWN AS LAGUNA BEACH AND ARCH BEACH, CALIFORNIA.

Application No. 9264.

Decided February 25, 1924.

BY THE COMMISSION.

FIRST SUPPLEMENTAL ORDER.

Applicant herein having filed with this Commission receipts and other evidence to show that he has complied with the recommendations of our previous order herein (Decision No. 13123), relative to the refund of moneys collected from prospective subscribers:

The Railroad Commission hereby finds and declares that public convenience and necessity require the construction and operation of a local exchange telephone system by applicant at Laguna Beach, similar

in type to the system described in the application, and the rendering therefrom of an adequate telephone service within the town of Laguna Beach and vicinity; and

It is hereby ordered, that a certificate of public convenience and necessity be and the same is hereby granted to E. H. Cookingham, operating under the name and style of Laguna Beach Telephone Company, for the construction and operation of a local exchange telephone system at Laguna Beach.

It is hereby further ordered, that E. H. Cookingham shall

(1) Charge and collect the rates and charges as set forth in Exhibit "A" of this Commission's Decision No. 13123, dated February 8, 1924, for service rendered on and after March 1, 1924.

(2) File with this Commission the rates and charges referred to in section (1) above, on or before March 15, 1924.

(3) File with this Commission, for its approval on or before March 15, 1924, rules and regulations governing telephone service, similar to those rules and regulations now in effect by other utilities.

The effective date of this order shall be March 1, 1924.

Dated at San Francisco, California, this twenty-fifth day of February, 1924.

DECISION No. 13200.

IN THE MATTER OF THE APPLICATION OF HUGH GOODFELLOW, WARREN OLNEY, AND W. I. BROBECK, AS TRUSTEES, AND KEY SYSTEM TRANSIT COMPANY, A CORPORATION, EAST OAKLAND RAILWAY COMPANY, A CORPORATION, OAKLAND AND HAYWARDS RAILROAD, A CORPORATION, AND KEY SYSTEM SECURITIES COMPANY, A CORPORATION, TO TRANSFER AND ACQUIRE THE PROPERTY FORMERLY BELONGING TO SAN FRANCISCO-OAKLAND TERMINAL RAILWAYS, A CORPORATION, AND TO ISSUE SECURITIES.

Application No. 9367.

Decided February 27, 1924.

BY THE COMMISSION.

FIRST SUPPLEMENTAL ORDER.

The Railroad Commission by Decision No. 12931, dated December 14, 1923, authorized the Key System Transit Company to issue \$2,500,000 of first mortgage bonds subject, among others, to the condition that none of the bonds be issued until the Commission by a supplemental order has authorized the Key System Transit Company to execute a mortgage to secure the payment of the bonds and has fixed the price at which such bonds may be sold and the purposes for which the proceeds may be used.

On February 16 a supplemental application was filed in the above entitled matter in which the Key System Transit Company asks permission to execute a deed of trust to secure the payment of \$10,000,000 par value of its first mortgage bonds and to issue and sell \$2,500,000 of such bonds. The company asks permission to sell \$1,000,000 of the bonds at par and \$1,500,000 at not less than 94 per cent of their face value and accrued interest. The \$1,000,000 of bonds which the company intends to sell at par will, pursuant to the reorganization plan of the financial affairs of the San Francisco-Oakland Terminal Railways, be purchased by the F. M. Smith Advisory Committee representing certain of the prospective common stockholders of the Key System Transit Company. The \$1,500,000 of bonds will be purchased by the Mercantile Securities Company, E. H. Rollins & Sons, National City Company and The American Bank.

The Key System Transit Company asks permission to use the proceeds obtained from the sale of the \$2,500,000 of bonds for the following purposes:

1. To reimburse the Key System Transit Company for the amount paid in cash by the trustees on account of the purchase price of the properties at foreclosure sale-----	\$283,561 72
2. To pay unpaid interest on Twenty-third Avenue Electric Railway first mortgage bonds and Oakland, San Leandro and Haywards Electric Railway first mortgage bonds to July 1, 1923-----	106,377 50
3. To discharge the following indebtedness of the San Francisco-Oakland Terminal Railways:	
(a) Notes payable to various banks covering moneys borrowed for bond interest-----	69,550 00
(b) Notes payable to Realty Syndicate Company covering moneys borrowed for bond interest-----	10,530 00
(c) Real estate mortgage against Stoehr Property No. 2, due March 17, 1923-----	22,500 00
(d) San Francisco-Oakland Terminal Railways equipment notes May 1, 1916, center entrance cars (32)-----	50,000 00
(e) Interest on above notes-----	1,000 00
(f) Ferry equipment trust certificates-----	600,000 00
(g) Interest on ferry equipment trust certificates-----	3,850 00
(h) Car equipment trust certificates 15 Key coaches-----	175,000 00
(i) Interest on car equipment trust certificates-----	1,954 19
4. To repay loans from depreciation fund:	
(a) For two new ferry boats-----	350,000 00
(b) For new Key Route cars, 15 Key coaches-----	89,250 00
5. To cover part of the cost of 55 new traction division cars-----	646,426 59
Total-----	\$2,410,000 00

On February 16, Key System Transit Company filed with the Commission a copy of its deed of trust which it intends to execute to secure the payment of its first mortgage bonds. On February 25 counsel for Key System Transit Company, at the suggestion of the Commission, agreed to eliminate from such deed of trust the following provision (section 33, article IV):

"That it will, in each year during the period of this indenture, beginning with the year 1924, expend in maintaining, repairing, renewing and replacing the prop-

erty subject to the lien hereof, and/or charge to its depreciation account an aggregate amount at least equal to sixteen (16) per cent of its gross operating revenue for such year, provided, that the percentage of gross operating revenue of the company to be so expended annually by it for maintenance, repairs, renewals and replacements and/or charged to its depreciation account may, at the written request of either the company or the trustee, be redetermined from time to time, at intervals of not less than three (3) years between each determination, by such person or persons as shall be appointed by the company and approved by the trustee. Upon such redetermination, the percentage of gross operating revenues to be expended annually by the company for maintenance, repair, renewal and replacement and/or charged to its depreciation account, so fixed, shall be certified by such person or persons and filed in writing with the trustee, and such percentage shall prevail until another percentage shall be in like manner established.

The company further covenants that on or before the first day of April in each year during the period of this indenture, beginning with the year 1925, it will deliver to the trustee a written statement signed by its president or a vice president and its treasurer or an assistant treasurer, showing (a) a balance sheet as of the thirty-first day of December next preceding; (b) a statement, in reasonable detail, of gross operating revenue for the year ending the thirty-first day of December next preceding, and (c) the amounts actually expended during such year in maintaining, repairing, renewing and replacing the property subject to the lien hereof, and/or charged to depreciation account, set forth in reasonable detail."

The \$2,500,000 of bonds which applicant now asks authority to issue and sell will be dated July 1, 1923, and mature July 1, 1938. They will be designated as the company's first mortgage gold bonds. The initial issue of \$2,500,000 will be known as Series "A," and will bear interest at the rate of 6 per cent per annum, payable semiannually. Series "A" bonds are redeemable at the option of the company on sixty days prior published notice on any first day of January or any first day of July prior to their maturity, at par and accrued interest, plus a premium equal to one quarter of one per cent of the par value thereof for each year or fraction thereof of their then unexpired term.

The bonds of any series may differ from the bonds of any other series in respect to date, time of maturity, rate of interest, terms of redemption (if any), and also in such other respects as the board of directors of said company may prescribe, subject only to the restrictions and conditions contained in the deed of trust.

The Commission is also asked to approve the agreement between the Key System Transit Company and Mercantile Securities Company, E. H. Rollins & Sons, National City Company and The American Bank, covering the sale and purchase of the bonds. The Commission will authorize the issue of the bonds subject to the conditions of this order. It will approve the agreement only as indicated in this order, such approval being limited to the extent that affirmative approval is herein given.

The Commission having considered the request of Key System Transit Company to issue \$2,500,000 of bonds and execute a deed of trust, and it being of the opinion that the money, property or labor to be procured or paid for by such issue of bonds is reasonably required by the Key System Transit Company, and that the expenditures herein authorized

are not in whole, or in part, reasonably chargeable to operating expenses or to income; therefore

It is hereby ordered, that the Key System Transit Company be and it is hereby authorized to execute a deed of trust substantially in the same form as the deed of trust filed with this Commission on February 16, it being understood that section 33 of article IV of such deed of trust will be eliminated as agreed in a letter of February 25, 1924.

It is hereby further ordered, that Key System Transit Company be and it is hereby authorized to issue \$2,500,000 of first mortgage 6 per cent gold bonds due July 1, 1938.

The authority herein granted is subject to the following conditions:

(a) Of the bonds herein authorized to be issued \$1,000,000 face value shall be sold for cash at not less than par, and accrued interest, and \$1,500,000 face value shall be sold for cash at not less than 94 per cent of their face value and accrued interest.

(b) The proceeds (other than accrued interest) obtained from the sale of the bonds shall be used by the Key System Transit Company to finance or pay the following obligations which it is hereby authorized to assume:

(1) To finance part of purchase price of properties because of cash expended by trustees to acquire such properties at foreclosure sale -----	\$283,561 72
(2) To pay unpaid interest on Twenty-third Avenue Electric Railway first mortgage bonds and Oakland, San Leandro and Haywards Electric Railway first mortgage bonds to July 1, 1923 -----	106,377 50
(3) To pay notes to various banks covering moneys borrowed for bond interest -----	69,550 00
(4) To pay notes payable to Realty Syndicate Company covering moneys borrowed for bond interest -----	10,530 00
(5) To pay real estate mortgage against Stoehr property No. 2, due March 17, 1923 -----	22,500 00
(6) To pay San Francisco-Oakland Terminal Railways equipment notes -----	50,000 00
(7) To pay interest on above notes -----	1,000 00
(8) To pay ferry equipment trust certificates -----	600,000 00
(9) To pay interest on such ferry equipment trust certificates -----	3,850 00
(10) To pay car equipment trust certificates 15 Key coaches -----	175,000 00
(11) To pay interest on such car equipment trust certificates -----	1,954 19
(12) To repay loans from depreciation fund -----	439,250 00
(13) To pay part of cost of 55 new traction division cars -----	646,426 59
Total -----	\$2,410,000 00
(14) The accrued interest may be used for general corporate purposes.	

(c) The authority herein granted to execute a deed of trust is for the purpose of this proceeding only and is granted in so far as this Commission has jurisdiction under the terms of the Public Utilities Act and is not intended as an approval of said deed of trust as to such other legal requirements to which said deed of trust may be subject.

(d) The agreement of sale and purchase of bonds between Key System Transit Company, and Mercantile Securities Company, E. H.

Rollins & Sons, The National City Company and The American Bank, a copy of which agreement, dated February 7, 1924, is on file in this proceeding, is approved to the extent indicated in this order, such approval, however, being limited to the extent that affirmative approval is herein given.

(e) Key System Transit Company shall keep such record of the issue, sale and delivery of the bonds herein authorized and of the disposition of the proceeds as will enable it to file on or before the twenty-fifth day of each month a verified report as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

(f) The authority herein granted will become effective when Key System Transit Company has paid the fee prescribed by section 57 of the Public Utilities Act. Under the authority herein granted, no bonds may be issued, sold or delivered after September 1, 1924.

It is hereby further ordered, that the order in Decision No. 12931, dated December 14, 1923, shall remain in full force and effect except as modified by this first supplemental order.

Dated at San Francisco, California, this twenty-seventh day of February, 1924.

DECISION No. 13201.

IN THE MATTER OF THE APPLICATION OF WESTERN STATES GAS AND ELECTRIC COMPANY, A CORPORATION, FOR AN ORDER AUTHORIZING THE ISSUE AND SALE OF ITS PREFERRED STOCK OF THE PAR VALUE OF FIVE HUNDRED THOUSAND DOLLARS.

Application No. 8568.

Decided February 27, 1924.

BY THE COMMISSION.

THIRD SUPPLEMENTAL ORDER.

Western States Gas and Electric Company in its third supplemental petition filed in the above entitled matter on February 21, 1924, asks the Railroad Commission to make an order authorizing it to use \$135,000 of the proceeds obtained from the sale of the stock authorized by Decision No. 11579, dated February 3, 1923, to reimburse its treasury in part for construction expenditures made prior to December 31, 1923.

In Application No. 9525 and Application No. 9647 heretofore filed with the Commission, Western States Gas and Electric Company reported its uncapitalized construction expenditures as of September 30, 1923, as \$661,803.24 and it estimated its expenditures for capital purposes for the period commencing October 1, 1923, and ending September

30, 1924, as \$1,766,550. To finance these reported expenditures, which aggregate \$2,428,353.24, the company heretofore has been authorized to issue and sell \$750,000 of common stock and \$1,350,000 of bonds, or a total of \$2,100,000 of stock and bonds. Deducting this amount from the reported expenditures of \$2,428,353.24 leaves a balance of \$328,353.24 which has not been paid or provided for through the issue of stock or bonds.

In this supplemental petition the company reports its uncapitalized construction expenditures up to December 31, 1923, as \$1,102,308.15 and it asks permission to use the \$135,000 obtained from the sale of its stock to partially reimburse its treasury on account of such expenditures.

The Commission has given consideration to applicant's request and believes it should be granted as herein provided; therefore

It is hereby ordered, that the order in Decision No. 11579, dated February 3, 1923, as amended, be and it is hereby further modified so as to permit Western States Gas and Electric Company to use \$135,000 of the proceeds obtained from the sale of the stock authorized by the order in said decision for the purpose of financing, in part, the construction expenditures made prior to December 31, 1923, provided that only such construction expenditures as are properly chargeable to capital account as defined by the uniform classification of accounts prescribed by the Railroad Commission shall be financed with such proceeds.

It is hereby further ordered, that the order in Decision No. 11579, dated February 3, 1923, as amended, shall remain in full force and effect, except as modified by this third supplemental order.

Dated at San Francisco, California, this twenty-seventh day of February, 1924.

DECISION No. 13202.

IN THE MATTER OF THE INVESTIGATION BY THE COMMISSION ON
ITS OWN MOTION INTO THE REASONABLENESS OF THE RATES
OF THE TURLOCK GAS COMPANY.

Case No. 1804.

Decided February 27, 1924.

BY THE COMMISSION.

FIRST SUPPLEMENTAL ORDER.

WHEREAS, in Decision No. 11093 (22 C. R. C. 385), in the above entitled matter, this Commission provided with reference to Schedules Nos. 1 and 2 of Turlock Gas Company that such rates would be subject

to decrease on the basis of 2.7 cents per 1000 cubic feet for each 10 cents decrease in the cost of oil below the price of \$1.65 per barrel f. o. b. Turlock, upon order of the Railroad Commission; and

WHEREAS, the Commission has heretofore reduced these schedules by 10 cents per 1000 cubic feet, by reason of a decrease in the cost of oil to \$1.29 per barrel; and

WHEREAS, Turlock Gas Company now makes affidavit that on February 5, 1924, the price paid for oil was increased to \$1.68 per barrel f. o. b. Turlock;

It is hereby ordered, that Turlock Gas Company be and it is hereby authorized to increase its rates for gas, effective for all regular meter readings taken on and after March 5, 1924, to the basic Schedules Nos. 1 and 2, set forth in Decision No. 11093, which are the rates to be charged and collected for gas service rendered by it in the city of Turlock and vicinity when the price paid for oil is \$1.65 per barrel, or over, f. o. b. Turlock.

It is hereby further ordered, that Turlock Gas Company, in case it elects to exercise this privilege, file with the Commission on or before March 5, 1924, a revision of its schedules as herein authorized.

Dated at San Francisco, California, this twenty-seventh day of February, 1924.

DECISION No. 13206.

IN THE MATTER OF THE APPLICATION OF SANTA CRUZ COUNTY
FOR ORDER AUTHORIZING THE CONSTRUCTION OF AN UNDER-
GRADE CROSSING UNDER TRACKS OF THE SOUTHERN PACIFIC
COMPANY AT APTOS.

Application No. 9469.

Decided February 28, 1924.

Lloyd Bowman, County Surveyor, and *G. H. Rostron*, Chairman, Board of Supervisors, for Applicant.

F. W. Mielke, for Southern Pacific Company.

E. C. Rittenhouse and *Wyckoff and Gardner*, by *J. E. Gardner*, for certain property owners and residents of the district east of the railroad tracks at Aptos.

Arthur E. Loder, for California State Automobile Association.

WHITTLESEY, Commissioner.

OPINION.

In this application the county of Santa Cruz asks for an order authorizing the construction of the county highway running from Santa Cruz to Watsonville under the track of Southern Pacific Company near to the north end of the latter's Valencia Creek bridge, a steel structure, about one thousand feet south of Aptos depot.

A public hearing was held on this application at Santa Cruz on January 15, 1924, at which all interested parties were represented,

The county road from Santa Cruz to Watsonville now passes from the north side to the south side of the railroad under the west end of the Aptos Creek railroad bridge about 900 feet west of Aptos station, thence runs east and adjacent to the southerly side of the railroad right of way and around the railroad curve to the south to a point about 500 feet south of the station where it crosses at grade and parallels the east side of the railroad right of way and crosses Valencia Creek about 250 feet above the railroad bridge.

It is now proposed to modify the highway alignment as shown on the map attached to the application so that the road will not cross at the present grade crossing 500 feet south of the station but will continue along the west side of the railroad right of way approximately 550 feet further, where it will cross under the track, and over Valencia Creek to a point in the existing highway about 600 feet east of the proposed subway. This proposed alignment fits almost entirely within a right of way of an old county road which at one time crossed under the old railroad trestle at approximately the same point at which it is now proposed to build the subway. This old right of way, including that portion across the railroad, has never been abandoned.

The county desires to separate the grades at Aptos at this time on account of the necessity of immediately renewing the present highway bridge over Valencia Creek. This bridge, which was built in 1901, is in poor condition and is too light for modern automobile traffic. The steel railroad bridge replaced the wooden trestle about 1904 or 1905. The construction of the subway will do away with the necessity of a new highway bridge, will greatly improve the alignment of the highway by the elimination of four sharp curves and will, in addition, remove the through travel from the existing grade crossing.

In order to completely eliminate the existing grade crossing and yet accommodate local traffic, a branch runway with heavy grades is proposed as a connection between the subway and Valencia street, a north and south street running through Aptos to the Trout Gulch road. Representative of the California State Automobile Association and the property owners of Aptos and vicinity testified that such a runway between Valencia street and the subway would be very dangerous because of the steep grades and the obstructed view at the entrance of the subway. The route over the existing grade crossing is therefore preferable to serve the local traffic of the Trout Gulch road and the town of Aptos. The Trout Gulch road runs east of the grade crossing and serves a fruit country about three miles wide and five miles long. This area yields some two hundred thousand boxes of fruit which is largely moved over the grade crossing in order to reach the independent packing houses north of the depot.

The county engineer estimated the total local travel over the grade crossing from Aptos and Trout Gulch road would not be more than thirty-five vehicles per day in case the through travel were diverted through the subway. A traffic survey over this crossing made by Southern Pacific Company, covering three days, is as follows:

Date	Autos	Motor-cycles	Teams	Pedestrians	Bicycles	Steam rollers	Total
Jan. 11, 1924-----	773	--	8	147	--	2	930
Jan. 12, 1924-----	943	--	16	229	3	--	1191
Jan. 13, 1924 (Sunday) -	1779	15	5	148	7	--	1954

There were twelve trains on the weekdays and ten on the Sunday of this survey over the crossing.

It would therefore appear that an average of about one thousand automobiles a day will be taken off the grade crossing if the subway is built.

Estimates submitted by the county for renewal of the existing highway bridge as compared with proposed line change and for two types of subway are as follows:

Renew bridge—one 150-foot span and five 30-foot girder spans-----	\$46,287 00*
New line change—including fill over creek over 12' x 12' culvert and subway with 60-foot normal deck girders-----	58,500 00
Subway only with 50-foot skew deck girder span-----	20,453 40
Subway only with 60-foot normal deck girder span-----	19,470 00

*Does not include 1000 to 2000 cubic yards of fill in bridge approaches.

The sixty-foot normal deck plate girder span appears to be the preferable structure to install at this location. The cost of this structure including sixty-foot girders and deck on two concrete abutments with the necessary earthwork between and two feet outside the abutments but not including cost of approaches, twelve-foot by twelve-foot culvert and paving is as follows:

S. P. underpass, 60' steel deck girders, right angle span—	
Temporary structure, S. P. tracks, pile trestle, erect and remove----	\$2,500 00
Excavation, underpass only, 1' outside, $\frac{1}{2}$:1 slope, 3000 cubic yards @ \$1.50 -----	4,500 00
Concrete abutments and walls, class "C" 1:3:6, 400 cubic yards @ \$15 -----	6,000 00
60-foot steel girder span in place, 47,500 pounds, @ 8 cents-----	3,800 00
Timber structure, ties, walks, guard rail, 7.2 M.F.B.M., @ \$125---	900 00
Total-----	\$17,700 00
Overhead, insurance, incidentals—plus 10%-----	1,770 00
	\$19,470 00

Southern Pacific Company did not object to the construction of the subway if the sixty-foot normal deck plate girder span were installed, but suggested that three other alignments were feasible and cheaper than the plan proposed by applicant in that they would do away with the necessity of constructing the subway by carrying the highway under

the existing steel railroad bridge. One of the suggested line changes would cross under the thirty-foot plate girder span on the northerly end of the bridge with approach grades of about 5 per cent. The second alignment suggested would cross under the main 150-foot bridge span with grades of approach of .7 per cent or more. The third alignment suggested would cross the creek on a fill with culvert below the railroad bridge and pass under the two thirty-foot spans on the southerly end of the bridge. This alignment requires additional right of way and would give a wide or double roadway with a pier in the center. All three of these alignments would require short-radius right-angle turns, and the second would in addition require heavy grades. Proper alignment of roadway and the safety of some thirty thousand travelers per month should not be sacrificed, however, by poor highway alignment and grades in order to save a relatively small portion of the cost of a grade separation in a lengthy highway improvement. The railroad company asked to have the proposed alignment shifted seven feet to the north parallel to itself through the subway in case this application were granted so that piles could be driven without danger of forcing the existing abutment over the creek bank.

Mr. Arthur E. Loder, engineer of the California State Automobile Association, testified that many right-angle undergrade crossings have been installed which are as dangerous to automobile traffic due to blind corners at abutment walls as were the original grade crossings eliminated. He also objected strongly to divided roads with bridge piers in the center as most dangerous. There is an undergrade crossing west of Aptos with sharp right-angle curves where three people were killed in 1923.

It appears, after giving due consideration to grades, curvature, additional right of way cost and permanence of construction, safety to travel and all other factors, that the route contemplated in the application with the sixty-foot girder span subway is the best that can be selected for through traffic in this vicinity.

Southern Pacific Company raised some objection to the capacity of the twelve-foot by twelve-foot culvert proposed by the county engineer, to carry Valencia Creek under the highway fill approaching the subway, but the testimony shows that the Davenport branch of Southern Pacific Company north of Santa Cruz, which runs through a country physically very similar in character to the country around Aptos, is carried over San Vicente Creek on a fill with a twelve-foot by fourteen-foot culvert. San Vicente Creek has a slightly greater drainage area than Valencia Creek. If an arch bridge were used instead of fill and culvert, the material excavated from the subway would have to be wasted.

There remains to be considered the matter of the distribution of cost. The railroad company objects to paying any part of the cost of construction of the subway because it believes that one of the alternate routes suggested by it does away with the necessity of constructing the subway; and because the existing grade crossing can not be closed, as it serves local needs. These objections do not appear sufficient to relieve the railroad from bearing some portion of the cost of an improvement which will eliminate a traffic of approximately one thousand vehicles a day from crossing its track at grade. The decrease in liability to the railroad company which this grade separation will accomplish is worth many times the portion of the cost which may reasonably be assessed against it in this proceeding.

Under ordinary circumstances on new construction or where heavily traveled grade crossings can be eliminated by grade separation, one-half the cost has frequently been assessed to the railroad company. It would not appear equitable to charge this proportion of the cost to the railroad in this case for the several reasons already stated by the railroad and for the further reason that the original grade separation appears to have been abandoned by the county about twenty years ago. It does not appear that the railroad should pay for any portion of the highway up to the subway proper. After consideration of all the evidence in this proceeding, it appears equitable to divide the cost of the subway proper one-fourth to the railroad and three-fourths to the applicant.

The following form of order is recommended:

ORDER.

The county of Santa Cruz having applied to the Commission for an order authorizing the construction of an undergrade crossing under tracks of Southern Pacific Company at Aptos, a public hearing having been held, the Commission being apprised of the facts, the matter being under submission and ready for decision;

It is hereby ordered, that the county of Santa Cruz be and it is hereby granted permission to construct an undergrade crossing under the tracks of Southern Pacific Company near Aptos, county of Santa Cruz, State of California, approximately seven feet northerly of the location shown on the plan attached to the application and substantially in accordance with plan as shown on county's Exhibit No. 5, entitled "Preliminary Plan No. 2," and subject to the following conditions:

(1) All clearances shall comply with the Commission's General Order No. 26.

(2) Said subway shall be constructed in accordance with detailed plans and specifications which shall be filed with and approved by the Commission.

(3) Applicant shall, within thirty (30) days thereafter, notify this Commission, in writing, of the completion of the installation of said crossing.

(4) The authorization herein granted for the installation of said crossing will lapse and become void one year from the date of this order unless further time is granted by subsequent order.

It is hereby further ordered, that the expense of constructing the subway with sixty-foot steel deck plate girder right-angle span in accordance with limits of construction included in the preliminary estimate as shown on applicant's Exhibit No. 2, page 2, shall be divided as follows: Three-fourths of said cost shall be borne by the applicant and one-fourth of said cost shall be borne by Southern Pacific Company. All other costs, including approaches, concrete tunnel and culvert and paving, shall be borne by applicant. Cost of maintenance of superstructure of said subway shall be borne by Southern Pacific Company. Cost of maintenance of substructure shall be borne by applicant.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this twenty-eighth day of February, 1924.

DECISION No. 13208.

IN THE MATTER OF THE APPLICATION OF SOUTHERN CALIFORNIA EDISON COMPANY, A CORPORATION, FOR AN ORDER OF THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA AUTHORIZING IT TO ISSUE AND SELL TWENTY THOUSAND SHARES OF ITS COMMON CAPITAL STOCK OF THE PAR VALUE OF ONE HUNDRED DOLLARS PER SHARE.

Application No. 9802.

Decided February 28, 1924.

Roy V. Reppy and George E. Trowbridge by George E. Trowbridge, for Applicant.

BY THE COMMISSION.

OPINION.

Southern California Edison Company asks permission to issue and sell at not less than \$101 per share 20,000 shares (\$2,000,000) of its common capital stock and to consolidate the proceeds with the proceeds received from the sale of stock heretofore authorized by the Commission and to use such proceeds to reimburse the treasury for moneys expended to retire at par, or less, such of its outstanding 7 per cent debenture bonds as are not exchanged for its 7 per cent cumulative

preferred stock, and/or to reimburse its treasury on account of moneys expended in retiring \$250,000 of Shaver Lake Lumber Company bonds, and/or to finance the cost of extensions, additions and betterments to its plants and properties.

Southern California Edison Company has an authorized capital stock of \$250,000,000, divided into \$4,000,000 of 5 per cent original preferred stock, \$60,000,000 of Series "A" 7 per cent preferred stock, \$40,000,000 of Series "B" 6 per cent preferred stock, \$21,000,000 of Series "C" 5 per cent preferred stock and \$125,000,000 of common stock. As of January 31, 1924, the company reports \$54,573,672 of stock outstanding in the hands of the public, consisting of \$4,000,000 of original preferred stock, \$9,871,100 of 7 per cent preferred stock and \$40,702,572 of common stock. In addition, the company reports \$1,664,600 of preferred stock and \$6,205,300 of common stock subscribed but unissued.

The Commission has heretofore authorized applicant to issue its 7 per cent preferred stock in exchange for the 7 per cent serial debentures on a par for par, or better, basis, or to use proceeds from the sale of common and preferred stock heretofore authorized to reimburse the treasury on account of moneys expended or to be expended in retiring at par, or less, such of the debentures as are not exchanged for stock. The debentures originally consisted of a total issue of \$8,000,000, dated January 15, 1919, bearing interest at 7 per cent per annum and maturing in equal annual installments of \$1,000,000 on the fifteenth day of January of each of the years 1921 to 1928, inclusive. At present it appears that \$3,914,400 of debentures are outstanding.

Applicant now desires permission to use a portion of the proceeds from the sale of the stock herein authorized to reimburse its treasury on account of moneys expended in retiring debentures. It further desires permission to reimburse its treasury on account of \$250,000 expended in retiring on January 15, 1924, \$250,000 of Shaver Lake Lumber Company 5 per cent bonds. Shaver Lake Lumber Company originally issued \$1,150,000 of bonds, the payment of which the Commission by Decision No. 6496, dated July 16, 1919, authorized Southern California Edison Company to guarantee. Heretofore \$1,029,000 of bonds have matured and been paid, leaving \$121,000 outstanding. The \$121,000 of bonds will mature on January 15, 1925.

Applicant also desires permission to use the proceeds from the sale of its stock to finance the cost of extensions, additions and betterments to its plants and properties. In Exhibit II, filed in Application No. 8591, applicant submitted its estimated 1923 construction expenditures. Up to November 30, 1923, the company reports that it has expended \$7,078,028.07 for new construction for which it has not been reimbursed with proceeds from the sale of stock or bonds. In Exhibit "D" filed in

this proceeding, applicant estimates its construction expenditures for 1924 at \$26,288,000, consisting of the following:

Big Creek construction:

Power houses Nos. 1 and 2	\$2,100,000
Florence tunnel	6,179,000
Huntington-Shaver tunnel	700,000
Protecting Huntington Lake dams	250,000
Florence Lake	1,000,000
Interest, Shaver site	159,000
Engineering for future development	100,000
Steam gauging	60,000
Clearing Huntington Lake	2,000
Power house No. 3	60,000
Total	\$10,610,000
Deduct amounts expended prior to 1924 and included in above items	872,000
Total Big Creek construction	\$9,738,000
Remodeling steam plants	3,000,000
Transmission 220 k.v.	2,550,000
Miscellaneous system betterments	11,000,000
Total	\$26,288,000

The testimony shows that some of the 1924 estimated expenditures may be deferred until 1925.

ORDER.

Southern California Edison Company having applied to the Railroad Commission for permission to issue and sell \$2,000,000 of its common capital stock, a public hearing having been held before Examiner Fankhauser and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for by such issue and sale is reasonably required by applicant and that the expenditures herein authorized are not in whole, or in part, reasonably chargeable to operating expense or to income;

It is hereby ordered, that Southern California Edison Company be and it is hereby authorized to issue and sell for cash at not less than \$101 per share 20,000 shares (\$2,000,000 par value) of its common capital stock and to consolidate the proceeds obtained from the sale of such stock with the proceeds obtained from the sale of the stock heretofore authorized by the Commission, and to use such proceeds to reimburse its treasury for moneys expended to retire at par, or less, such of its outstanding 7 per cent debentures as are not exchanged for its 7 per cent preferred stock, and/or to reimburse its treasury on account of an expenditure of \$250,000 to retire \$250,000 face amount of Shaver Lake Lumber Company's bonds which matured January 15, 1924, and/or to finance, in part, such cost of the extensions, additions and betterments referred to in Exhibit No. II, filed in Application No. 8591 or in Exhibit "D" filed in this proceeding, as is properly chargeable to

capital account under the system of accounts prescribed or adopted by this Commission, and not financed through the issue of stock or bonds heretofore authorized by the Commission, be financed through the issue of said stock.

The authority herein granted is subject to further conditions as follows:

1. Applicant shall file with the Commission during 1924 a monthly report showing in detail the amount expended for extensions, additions and betterments.

2. Applicant shall keep such record of the issue, sale and delivery of the stock herein authorized and of the disposition of the proceeds as will enable it to file on or before the twenty-fifth day of each month a verified report, as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

3. The authority herein granted will become effective upon the date of this order, but will expire on October 15, 1924.

Dated at San Francisco, California, this twenty-eighth day of February, 1924.

DECISION No. 13209.

IN THE MATTER OF THE APPLICATION OF MIDLAND COUNTIES
PUBLIC SERVICE CORPORATION FOR PERMISSION TO FILE A
NEW AND REVISED SCHEDULE OF RATES IN THE CITY OF
ARROYO GRANDE, SAN LUIS OBISPO COUNTY.

Application No. 9551.

Decided February 28, 1924.

Murray Bourne, for Applicant.
F. E. Bennett, for City of Arroyo Grande.

SHORE, Commissioner.

OPINION.

In this proceeding Midland Counties Public Service Corporation, engaged in the business of distributing and selling electric energy in Fresno, Monterey, San Luis Obispo and Santa Barbara counties, and water for domestic purposes in and in the vicinity of the city of Arroyo Grande, San Luis Obispo County, asks for authority to file a new schedule of water rates. The application alleges in effect that the present rates, established by this Commission in Decision No. 8770, dated March 17, 1921, in Application No. 4058, do not yield sufficient revenue to equal the reasonable annual charges set out by the Commission in the said decision.

A public hearing in this matter was held at Arroyo Grande after due notice thereof had been given so that all interested parties might appear and be heard.

This utility has appeared before the Commission in other proceedings involving the Arroyo Grande water system, and reference is made particularly to Decision No. 8770, in Application No. 4058 (19 C. R. C., 530), for a description of the system and the methods of operation.

The rates at present in effect are as follows:

Flat Rates—

Minimum \$1.25 per month, with additional charges according to facilities on the consumer's premises.

Meter Rates—

Minimum monthly payments for metered use:

For $\frac{1}{2}$ and $\frac{3}{4}$ -inch meters.....	\$1 00
For 1-inch meters	2 00
For 1 $\frac{1}{2}$ -inch meters	2 75
For 2-inch meters	3 50
For 2 $\frac{1}{2}$ -inch meters	4 50

Monthly quantity rates per 100 cubic feet:

For use between 0 and 400 cubic feet.....	25
For use between 400 and 2000 cubic feet.....	18
For use over 2000 cubic feet.....	14

The system supplies water to about 227 consumers, of whom about 42 are metered, the remainder being on a flat rate basis. The record of consumers served for a period of years shows that the number has remained practically unchanged since 1919.

At the hearing, Lloyd Henley, statistician for the company, and William Stava, one of the Commission's hydraulic engineers, submitted reports showing the investment in the system as of December 31, 1923, also the earnings and operating expenses and rate of return on the investment for the years 1921, 1922 and 1923. These items are set out in the following tabulation:

	1921		1922		1923	
	Henley	Stava	Henley	Stava	Henley	Stava
Gross earnings...	\$5,017.15	\$5,017.15	\$5,491.98	\$5,491.98	\$5,327.89	\$5,327.89
Maintenance and operation expense	\$5,049.17	\$5,049.17	\$4,816.87	\$4,816.87	\$3,418.90	\$3,418.90
Depreciation	595.87	413.00	600.47	452.00	1,358.90	498.00
Total	\$5,645.04	\$5,462.17	\$5,417.34	\$5,268.87	\$4,777.80	\$3,916.90
Net return.....	*\$627.89	*\$445.02	\$74.64	\$223.11	\$550.09	\$1,410.99
Rate base.....	\$33,875.28	\$28,603.54	\$34,394.19	\$30,010.51	\$35,987.16	\$31,665.30
Rate of return.....			0.217%	0.7%	1.528%	4.5%

*Indicates deficit.

The difference in the investment as found by the two engineers is due to the fact that each has adopted a different base to which subsequent additions and betterments were added. Mr. Henley used the company's appraisal of \$33,387 as of December 1, 1919, submitted in Application

No. 4058, to which he added additions and betterments, while Mr. Stava used \$28,300, which was the Commission's finding of reasonable investment for the purpose of that proceeding. The costs of additions and betterments in each case were approximately the same.

The differences in net operating return and the rate of return, as shown in the above tabulation, are due to the differences in investment, and to the amounts used for depreciation. Mr. Henley used the company's allowance for depreciation, which apparently is based on the straight line method and which also included interest on the reserve. Mr. Stava used a depreciation annuity computed by the sinking fund method at 6 per cent.

It was shown that the variation in operating expenditures between 1923 and previous years was due to the fact that the company did not charge the water property for the management, bookkeeping, or office expense in 1923 but allowed the electrical property to carry the full cost of these items. It was also shown that the rates charged for water at Arroyo Grande were slightly below the average of those charged by other utilities operating under similar conditions in that locality.

After carefully considering the evidence submitted in this proceeding, it appears that some increase in rates should be granted. The schedule of rates set out in the following order is considered reasonable for the service rendered, and will produce a revenue which will cover maintenance and operating expense, depreciation annuity, and what, under the circumstances, is a fair return upon the reasonable investment in the property.

Some objection was made by the consumers to the water service rendered, and it was shown that the water mains in certain areas were not of sufficient capacity to deliver an adequate supply of water. This was admitted by representatives of the company, who testified that allowance had been made in the yearly budget to provide for larger mains in these areas and that these mains would be installed immediately.

There was also some complaint in regard to the quality of the water, some of the consumers objecting to the well water on account of its hardness and taste, also that it discolors the enamel on bathroom facilities. Other consumers objected to the creek water because of its color during the rainy season. However, no showing was made nor was it contended that the water was unsafe for domestic uses. It appears that the company has made every reasonable effort to provide an adequate and potable water supply for the community, and, as a result, has obtained the best water available in that locality. The hardness and tendency to discolor enamel is due to the well water, which is slightly mineralized.

The following order is recommended:

ORDER.

Midland Counties Public Service Corporation having made application for authority to file a new and revised schedule of rates for water supplied to its consumers in and in the vicinity of Arroyo Grande, a public hearing having been held thereon, the matter having been submitted, and the Commission being now fully informed in the matter:

It is hereby found as a fact that the present rates charged by the Midland Counties Public Service Corporation, in so far as they differ from the rates herein established, are unjust and unreasonable, and that the rates herein established are just and reasonable rates to be charged for water delivered to consumers.

Basing the order upon the foregoing findings of fact and upon the statements of fact contained in the preceding opinion;

It is hereby ordered, that Midland Counties Public Service Corporation be and the same is hereby authorized to file with this Commission within twenty (20) days from the date of this order the following schedule of rates to be charged for water delivered to consumers in and in the vicinity of Arroyo Grande, San Luis Obispo County, subsequent to April 1, 1924:

MONTHLY FLAT RATES.

1. Residences or tenements of not more than five rooms, occupied by single families	\$1 40
For each additional room	10
Additional for each bathtub or flush toilet	25
For each private barn, not over two horses or cows	60
For each additional horse or cow	25
For each private garage where autos are washed on the premises	25
2. Private boarding houses, for each boarder, in addition to the family rate	15
3. Sprinkling or irrigation of lawns, shrubbery, gardens, etc., per 100 square feet of surface actually watered, payable every month in the year	025
4. Offices: For each room so occupied with water tap, except dentists' and doctors' offices	60
5. Doctors' and dentists' offices, not exceeding two rooms with water tap	1 50
For each additional room with water tap	50
6. Livery stables and stock or feed yards, per average number of stock fed, for each	30
Minimum monthly payment	3 00
7. Public garages: Average 5 autos or less	3 00
For each additional automobile	25
8. Soda fountains, soft drink places and ice cream or lunch parlors, in addition to the store rate	1 50
9. Barber shops, for single chair	1 50
For each additional chair	60
10. Creameries, bottling works, slaughter houses, laundries and bakeries, according to the use of water	\$2.00 to 8 00
11. Drug stores, butcher shops, undertaking parlors, photograph galleries, pool rooms	1 50
12. Restaurants and cafes, per unit of seating capacity	15
Minimum charge	2 00
13. Blacksmith, wagon and repair shops	1 50

14. Public halls, clubs and lodge rooms.....	\$1 50
Additional for kitchen or buffet in connection therewith.....	1 00
15. Small stores or shops not otherwise listed.....	1 00
16. Living rooms in connection with stores or shops, additional to store rate.....	75
17. Additional for each toilet or bathtub in 4 to 16, inclusive.....	25
18. Bathing establishments, either alone or in connection with other business:	
For one public bathtub.....	1 50
For each additional bathtub.....	50
19. Building work:	
For mortar and to dampen brick, per 1000 brick.....	25
For cement work and plastering, each barrel of cement or lime used.....	25
20. Water for hotels, lodging houses, industrial plants or for all purposes and establishments not herein specified, charged for at the meter rates.	
21. Meters may be installed at the request of any consumer or at the option of the utility.	

PUBLIC USE.

1. For fire hydrants, including water used for extinguishing fires:	
4-inch hydrants, per month.....	75
2-inch hydrants, per month.....	50
2. Water for sprinkling roads and streets by city or county, measured by wagon tank capacity, per 100 cubic feet.....	15
3. Water for public buildings and grounds and for all other public use not otherwise specified, to be charged for at the regular meter rates.	

METERED USE.

1. Monthly minimum payments for metered use:	
For $\frac{3}{4}$ -inch and $\frac{5}{8}$ -inch meters.....	1 40
For 1-inch meters.....	3 50
For $1\frac{1}{2}$ -inch meters.....	8 00
For 2-inch meters.....	12 50

NOTE.—Each of the foregoing monthly minimum charges will entitle the consumer to that quantity of water which that monthly minimum charge will purchase at the following "monthly quantity rates."

2. Monthly quantity rates (per 100 cubic feet):	
For use between 0 and 500 cubic feet.....	\$0 28
For use between 500 and 2000 cubic feet.....	20
For use over 2000 cubic feet.....	15

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this twenty-eighth day of February, 1924.

DECISION No. 13212.

IN THE MATTER OF THE APPLICATION OF COASTSIDE TRANSPORTATION COMPANY, A CORPORATION, TO ISSUE STOCK; THE APPLICATION OF EDWARD SERRETTO, LOUIS A. MATTEI AND E. MICHEL, COPARTNERS, DOING BUSINESS UNDER THE FICTITIOUS NAME AND STYLE OF COASTSIDE TRANSPORTATION COMPANY, TO TRANSFER CERTAIN OPERATIVE RIGHTS AND OTHER PROPERTY TO SAID CORPORATION AND RECEIVE STOCK THEREFOR, AND COASTSIDE TRANSPORTATION COMPANY, A CORPORATION, TO ACQUIRE SAID OPERATIVE RIGHTS AND OTHER PROPERTY AND ISSUE STOCK IN EXCHANGE THEREFOR; THE

**RATIFYING AND VALIDATING OF CERTAIN OPERATIONS, AND
AUTHORIZING THE CONTINUANCE OF SUCH OPERATIONS.**

Application No. 9320.

Decided February 28, 1924.

BY THE COMMISSION.

FIRST SUPPLEMENTAL OPINION.

In a supplemental application, filed in the above entitled matter on February 13, 1924, by Edward Serretto, Louis Mattei and Emile Michel and Coastside Transportation Company, a corporation, the Railroad Commission is asked to modify its order in Decision No. 13023, dated January 10, 1924, so as to permit Coastside Transportation Company to issue \$99,000 of stock, instead of \$43,090 as authorized by that decision.

By Decision No. 13023, Edward Serretto, Louis Mattei and Emile Michel were authorized to transfer certain properties, rights and business to Coastside Transportation Company and Coastside Transportation Company was authorized, in payment for such properties, rights and business, to issue not exceeding \$43,060 of stock and to assume the payment of not exceeding \$32,045.33 of indebtedness, and to sell \$30 of stock at par for working capital.

It now appears that subsequent to the filing of the original application on August 15, 1923, additional properties have been acquired by Edward Serretto, Louis Mattei and Emile Michel. The Commission therefore is asked to authorize the issue of an increased amount of stock, of which \$30 will be sold at par for cash and \$98,970 delivered in payment of properties and indebtedness.

The assets and liabilities of Edward Serretto, Louis Mattei and Emile Michel, as of December 31, 1923, are reported as follows:

<i>Assets.</i>	
Automobile passenger cars -----	\$26,614 95
Automobile freight trucks -----	41,849 03
Shop equipment and tools -----	6,689 36
Office equipment and furniture -----	601 49
Land -----	7,040 00
Buildings -----	25,000 00
Franchise -----	26,940 51
Deposit for lease -----	750 00
Accounts receivable -----	5,338 92
Supplies -----	1,039 25
Unexpired insurance -----	1,573 83
Bank account -----	798 13
Cash account -----	15 00
Suspense account -----	477 77
Station betterments -----	345 57
 Total assets -----	 \$145,073 81

<i>Liabilities.</i>	
Accounts payable -----	\$21,973 38
Notes payable -----	6,350 20
Mortgage -----	9,000 00
Unpaid salaries -----	3,703 38
Reserve for depreciation -----	8,996 61
Cash invested -----	67,082 61
Surplus -----	25,500 00
Surplus earnings -----	2,467 63
Total liabilities -----	\$145,073 81

The \$26,940.51 for franchise value appearing in the foregoing balance sheet represents, according to testimony herein, the amount paid by the copartners, Serretto, Mattei and Michel, to Red Star Stage Line, their predecessor, for operative rights, plus an allowance of \$9,000 for estimated appreciation in value. We believe that this item should be eliminated from the assets, leaving a balance of \$118,133.30.

It appears, however, that on December 31, 1923, there was outstanding indebtedness aggregating \$41,026.96 and that the credit balance of the reserve for accrued depreciation account amounted to \$8,996.61. Deducting the sum of these two items, namely, \$50,023.57, from the assets of \$118,133.30, leaves a net balance of \$68,109.73, which represents approximately the amount of stock which might be authorized to be issued in payment for the properties, subject to the indebtedness as it existed at the close of the year.

In addition, the corporation desires to issue and sell stock at par to pay \$31,138.20 of the indebtedness, consisting of a mortgage of \$9,000, notes payable of \$6,350.20, \$10,933 due on automobile contracts, and \$4,855 due on other property. Adding the \$31,138.20 to the \$68,109.73, results in a total of \$99,247.93.

We believe that Coastside Transportation Company might be authorized to issue and sell \$30 of stock at par for cash to its directors, to deliver \$67,830 of stock in payment for the properties and to sell \$31,140 of stock at par to pay indebtedness. In our opinion no further hearing is necessary in this matter and the supplemental application should be granted, as provided in the following order:

FIRST SUPPLEMENTAL ORDER.

Application having been made to the Railroad Commission for an order modifying Decision No. 13023, dated January 10, 1924, so as to permit of the issue of \$99,000 of stock, and the Railroad Commission being of the opinion that the application should be granted as herein provided;

It is hereby ordered, that the order in Decision No. 13023, dated January 10, 1924, be and it is hereby modified so as to permit Coastside Transportation Company, in payment for the properties, rights

and business of Edward Serretto, Louis A. Mattei and Emile Michel, to issue not exceeding \$67,830 of stock and to assume the payment of not exceeding \$41,026.96 of indebtedness.

It is hereby further ordered, that Coastside Transportation Company be and it is hereby authorized to issue and sell \$30 of stock at par for cash and to use the proceeds for working capital and to issue and sell \$31,140 of stock at par and to use the proceeds to pay, in part, the indebtedness it is herein authorized to assume.

It is hereby further ordered, that the order in Decision No. 13023, dated January 10, 1924, shall remain in full force and effect, except as modified by this first supplemental order.

It is hereby further ordered, that the authority herein granted will become effective when applicant has paid the fee prescribed by section 57 of the Public Utilities Act, which fee is \$9.

Dated at San Francisco, California, this twenty-eighth day of February, 1924.

DECISION No. 13214.

IN THE MATTER OF THE APPLICATION OF HUGH GOODFELLOW, WARREN OLNEY, AND W. I. BROBECK, AS TRUSTEES, AND KEY SYSTEM TRANSIT COMPANY, A CORPORATION, EAST OAKLAND RAILWAY COMPANY, A CORPORATION, OAKLAND AND HAYWARDS RAILWAY COMPANY, A CORPORATION, KEY SYSTEM SECURITIES COMPANY, A CORPORATION, TO TRANSFER AND ACQUIRE THE PROPERTY FORMERLY BELONGING TO SAN FRANCISCO-OAKLAND TERMINAL RAILWAYS, A CORPORATION, AND ISSUE SECURITIES.

Application No. 9367.

Decided February 28, 1924.

BY THE COMMISSION.

SECOND SUPPLEMENTAL ORDER.

The parties above named, having heretofore petitioned this Commission for permission to make certain transfers, issue certain stocks and bonds and execute certain leases and a certain guaranty, all in furtherance of the plan submitted by said petition for the reorganization of the properties formerly belonging to San Francisco-Oakland Terminal Railways, and this Commission having by its order duly given and made on December 14, 1923, and designated as Decision No. 12931, granted such permission, subject to certain conditions and limitations in said order set out, and the petitioners above named, Hugh Goodfellow, Warren Olney and W. I. Brobeck, as trustees, Key System Transit Company, East Oakland Railway Company and Oakland and Haywards Railway Company, having filed with this Commission a supplemental petition

in the above matter setting out certain matters done by them under the permission so granted and asking for the approval thereof by this Commission, a copy of which supplemental petition is hereunto attached, now, therefore, good cause appearing;

It is hereby ordered:

1. That this Commission approves of the omission of the properties described in Exhibits A and B attached to said supplemental petition from the conveyance by said Hugh Goodfellow, Warren Olney and W. I. Brobeck, trustees, to said Key System Transit Company of the properties for which said company was authorized to issue certain of its stocks and bonds and of the retention by said trustees of the legal title to said properties so omitted in trust for said Key System Transit Company and for the purposes set out in Section II of said supplemental petition.

2. That this Commission approves of the provision of the prior preferred and preferred stock of said Key System Transit Company whose issuance was authorized by said previous order of this Commission to the effect that the preferred dividend right incident to such stock should be the right to a cumulative dividend from and after July 1, 1923, and of the retention by said trustees of the sum of two hundred fifty thousand (250,000) dollars from the transfer to Key System Transit Company of the properties in return for which said company was authorized to issue certain of its stocks and bonds, and of the payment by said trustees out of said two hundred fifty thousand (250,000) dollars, to the holders of the prior preferred stock to be issued by said Key System Transit Company as aforesaid at the time of the issuance of the same, to each such holder, three and one-half ($3\frac{1}{2}$) per cent of the par value of his stock in full payment and discharge of his preferred right to a dividend in that amount upon said stock for the period from July 1, 1923, to December 31, 1923, both dates inclusive, the said trustees to account to said Key System Transit Company for any balance of said two hundred fifty thousand (250,000) dollars not so used.

3. That this Commission authorizes the assumption by said Key System Transit Company of the indebtedness set forth in Section IV of said supplemental petition.

4. That this Commission approves the form of stipulation filed with this Commission by said trustees pursuant to section 9 of said previous order, a copy of which stipulation is attached to said supplemental petition and marked Exhibit C, and likewise approves of the form of the provision inserted pursuant to said section 9 in each of the conveyances by said trustees to said Key System Transit Company, East

Oakland Railway Company and Oakland and Haywards Railway Company, as set out in section V of said supplemental petition.

5. That this Commission authorizes the execution by Key System Transit Company, East Oakland Railway Company and Oakland and Haywards Railway Company of the respective leases, copies of which are attached to said supplemental petition and marked Exhibits D and E.

It is hereby further ordered, that the order in Decision No. 12931, dated December 14, 1923, as amended, shall remain in full force and effect except as modified by this second supplemental order.

Dated at San Francisco, California, this twenty-eighth day of February, 1924.

Title of Case.]

SUPPLEMENTAL PETITION.

The supplemental petition of Hugh Goodfellow, Warren Olney and W. I. Brobeck, as trustees, Key System Transit Company, East Oakland Railway Company and Oakland and Haywards Railway Company, respectively shows:

I.

That your petitioners did heretofore petition your honorable body for permission to make certain transfers, issue certain stocks and bonds, and execute certain leases and a certain guaranty, all in furtherance of the plan submitted to you by said petition for the reorganization of the properties formerly belonging to the San Francisco-Oakland Terminal Railways. That on the fourteenth day of December, 1923, your honorable body, by its order duly given and made and designated as Decision No. 12931, granted such permission, subject to certain conditions and limitations in said order set out. That said petition and order are hereby referred to and made a part hereof.

II.

That among the properties acquired by your petitioners Hugh Goodfellow, Warren Olney and W. I. Brobeck, as trustees, at the purchase under foreclosure of the properties of said San Francisco-Oakland Terminal Railways, as set out in said petition and which, according to said petition and said order, were to be transferred to your petitioner Key System Transit Company, were those certain properties which are particularly described, respectively, in Exhibits A and B hereunto attached. That with the exception of the said properties last mentioned and of the sum of two hundred fifty thousand (250,000) dollars retained as set forth in section III hereof, the said trustees, did, on December 31, 1923, pursuant to said order, convey to said Key System Transit Company all the properties which it was contemplated by said order would be so conveyed by them and in consideration of which said Key System Transit Company was authorized to issue certain of its bonds and stocks.

That said trustees retained and now hold the title to said properties described in Exhibits A and B, but only in trust for said Key System Transit Company as the full beneficial owner thereof. That the reason for the retention by said trustees of the legal title to said properties was that it is to the interest of said Key System Transit Company and of the public utility properties formerly belonging to said San Francisco-Oakland Terminal Railways and acquired by said trustees as aforesaid and by them conveyed to said Key System Transit Company, that the said properties, the legal title to which was so retained by said trustees, be sold or otherwise disposed of for value, that negotiations for the sale or disposal of said property were under way at the time of said conveyance by said trustees, and that the consummation of such sale or disposal would be facilitated by the retention by said trustees of the legal title to the same in case said negotiations should be brought to an acceptable conclusion. That said trustees have executed and delivered to said Key System Transit Company a declaration of trust declaring that they hold the legal title to said properties solely as trustees for the Key System Transit Company as the full beneficial owner thereof and subject to its order and to the obligation to account to it for any proceeds received therefrom.

That the property described in Exhibit A consists of detached parcels of real estate of irregular shape, originally acquired for the purpose of a right of way for a railroad from the city of Oakland to the city of San Jose, which railroad was never constructed and the intention of constructing which has been abandoned. That none of said real estate has ever been used or is useful for the purpose of the public utility properties conveyed as aforesaid to said Key System Transit Company.

That the properties described in Exhibit B consist of the portion of the railroad, formerly belonging to California Railways and running from the Tidal Canal to

Leona Heights, which lies south of East Fourteenth street in the city of Oakland, together with the rights of way, franchises and other incidents or appurtenances thereof. That said portion of said railroad is not an integral or necessary part of the railroad, street railroad and ferry system conveyed to said Key System Transit Company as aforesaid and is operated and used chiefly for freight purposes. That it is the desire of said Key System Transit Company to dispose of the same, provided this can be done on acceptable terms and without detriment to the public interest. That the same can not be legally sold or otherwise disposed of without the consent of your honorable Commission and until an acceptable sale or other disposal of it has been finally negotiated and receives the approval of your honorable Commission said Key System Transit Company will continue to operate the same as it has been operated in the past. That as heretofore stated, the reason for the omission of said property from the conveyance by said trustees to said Key System Transit Company was solely to facilitate a sale or other disposition thereof in case such sale or disposition should be negotiated and should receive the approval of your honorable Commission.

That it is the desire of your petitioners by this petition to obtain the approval of your honorable Commission to the omission of the properties described in Exhibits A and B from the conveyance by said trustees to said Key System Transit Company of the properties in return for which said company was authorized to issue certain of its stocks and bonds, and to the retention by said trustees of the legal title to the same in trust and for the purposes aforesaid.

III.

That one of the important features and purposes of said reorganization plan presented by said petition and approved in its substantial features by said order, was that the bonds of certain classes formerly outstanding against the properties of the San Francisco-Oakland Terminal Railways and deposited under said reorganization plan should be refunded by the issuance in substitution thereof of prior preferred and preferred stock in certain proportions, the total amount of which stock should be of a par value equal to the principal of the bonds so to be refunded, plus unpaid interest thereon up to a convenient date to be fixed by the reorganization committee promulgating said plan. That the date up to which interest was so to be refunded as aforesaid was fixed by said reorganization committee as July 1, 1923, and the amount of the prior preferred and preferred stock whose issuance is authorized by the said order of your Commission, was computed upon that basis and is equal to that amount. That pursuant to said provision of said reorganization plan the articles of incorporation of the Key System Transit Company as amended, provide that the respective preferences to which the holders of said prior preferred stock and said preferred stock shall be entitled as to dividends shall be to a preferred dividend at the rate of 7 per cent per annum cumulative from and after July 1, 1923. That the net earnings of said properties formerly belonging to said San Francisco-Oakland Terminal Railways, while such properties were held in legal ownership by said trustees and between the time when they were acquired by them, to wit, the seventeenth day of July, 1923, and the time of their conveyance by said trustees to said Key System Transit Company and its subsidiary companies, to wit, December 31, 1923, have exceeded, after deducting all proper charges, including interest for the period from July 1, 1923, to December 31, 1923, on the general refunding mortgage fifteen-year bonds of said Key System Transit Company to be issued in the refunding of certain other classes of bonds, the amount of the dividend for the period from July 1, 1923, to December 31, 1923, on the prior preferred stock which said Key System Transit Company was authorized by said order to issue by way of refunding, as aforesaid. That it was represented to the depositing bondholders who were to receive such prior preferred stock that they could expect that such stock would pay its dividend from the beginning and such dividend was in fact earned as aforesaid, while said properties were in the legal ownership of said trustees. That it is desirable to pay such dividend and for that purpose the said trustees have withheld from the moneys realized by them as profits from the operation of said properties while they had the legal title to the same the sum of two hundred fifty thousand (250,000) dollars, for the purpose of applying the same or so much thereof as might be required, with the permission of your honorable body, to the payment of said dividend, and accounting to said Key System Transit Company for any balance not so applied. That the said trustees now hold said sum for that purpose, provided the permission of your honorable body be obtained, and if it be not obtained, for the benefit and subject to the order of said Key System Transit Company.

That it is desired by your petitioners that the provision of the prior preferred and preferred stock whose issuance is authorized by said order that the preferred dividend right incident to the same should be the right to a cumulative dividend from and after July 1, 1923, be approved, that the retention of said sum of two hundred fifty thousand (250,000) dollars by said trustees for said purpose from the transfer to the Key System Transit Company of the properties in return for which said company was authorized to issue certain of its stocks and bonds be likewise approved, and that said trustees be authorized to pay to the holders of said prior preferred stock at the time of the issuance of the same, to each such holder $3\frac{1}{2}$ per cent of the par value of his stock in full payment and discharge of his preferred right to a dividend in that amount upon said stock for the period from July 1, 1923, to December 31, 1923, both dates inclusive, accounting to said Key System Transit Company for any balance not so used.

IV.

That by said order mentioned in section I hereof your honorable body authorized said Key System Transit Company to assume such indebtedness of the San Francisco-Oakland Terminal Railways and of the said trustees, whose refunding or other disposition was not specifically provided for by said order, as your honorable body might

thereafter indicate by supplemental order. That such indebtedness outstanding as of December 31, 1923, was as follows, the amount thereof stated being in each instance the principal amount exclusive of interest:

1. Balance on notes of San Francisco-Oakland Terminal Railways for moneys borrowed to pay interest upon its bonds, together with interest on said notes from December 31, 1923.	\$69,550 00
2. Notes of Hugh Goodfellow, Warren Olney and W. I. Brobeck in favor of American Car Company on account of the purchase price of 55 street cars, together with interest thereon from October 1, 1923.	750,200 00
3. Notes of Reorganization Committee for money borrowed by them for the purposes of said trustees and applied by said trustees in purchasing at foreclosure sale the properties of said San Francisco-Oakland Terminal Railways, together with interest from December 31, 1923.	283,561 72
4. Notes of the San Francisco-Oakland Terminal Railways, dated May 1, 1916, on account of the purchase price of cars, together with interest from November 1, 1923.	40,000 00
5. Obligations of San Francisco-Oakland Terminal Railways secured by trust certificates, dated August 1, 1922, given on account of the purchase price of ferry boats, together with interest from August 1, 1923.	600,000 00
6. Obligations of San Francisco-Oakland Terminal Railways secured by equipment trust certificates, dated March 1, 1923, given on account of the purchase price of cars, together with interest from September 1, 1923.	175,000 00
7. Purchase money mortgage to F. J. Stoer on certain real estate, together with interest from December 17, 1923.	22,500 00
8. Audited vouchers and wages payable, representing only obligations incurred in the usual course of business in the operation of said properties formerly belonging to said San Francisco-Oakland Terminal Railways (Of such audited vouchers, \$285,952.10 represent bills for electric power used during the months of May to December, both inclusive, of the year 1923, and \$190,317.50 represent taxes due the State of California.)	657,851 14
9. Audited pay rolls.	118,457 31
10. Foreign roads freight account—foreign roads car service—and San Francisco and Sacramento Railroad Company ticket account, totaling	4,054 40
11. Matured interest on the bonds of San Francisco-Oakland Terminal Railways required to be paid in cash under the reorganization plan (Of this matured interest \$54,015 had, prior to said foreclosure sale, been deposited with the respective trustees of the various bond issues for the purpose of paying said interest as the coupons representing the same were presented for payment, leaving as the net obligation to be met by said Key System Transit Company in case all of said coupons are finally presented the sum of \$1,765.)	55,780 00
12. Interest on Oakland, San Leandro and Haywards Electric Railway and Twenty-third Avenue Electric Railway bonds up to July 1, 1923, to be paid in cash as provided in said reorganization plan	106,377 50
13. Employees' deposits	36,065 00
14. United States government income tax withheld	48 50
15. Accrued franchise percentages	15,463 10
16. Amount due Oakland Bank as trustee under Ferry Trust Equipment certificates on account of money collected for damages to ferry boat	1,571 28
17. Balance due Realty Syndicate on settlement of accounts as of December 31, 1923	113,532 32

That your petitioners request the authorization of your honorable Commission to the assumption by said Key System Transit Company of the aforesaid indebtedness.

V.

That by subdivision 9 of said order your Commission required that said trustees should file with your honorable body a stipulation providing that it might, by order, substitute or join them as parties defendant in any matter or matters pending before you in which said San Francisco-Oakland Terminal Railways was a party defendant and that it should be provided in any conveyance by said trustees of the properties authorized by said order to be conveyed by them that such conveyance was made expressly subject to the right of the Commission to substitute or join any grantee or beneficiary of said conveyance as party or parties defendant in any matter or matters pending before the Commission in which said San Francisco-Oakland Terminal Railways was a party defendant. That said trustees herewith file with your honorable body a stipulation by them conforming to said requirements, a copy of which is herewith attached and marked Exhibit C, and also report to your honorable body that in the respective conveyances made by them, as authorized in said order, to the Key System Transit Company, the East Oakland Railway Company and the Oakland and Haywards Railway Company, it was provided in terms in each conveyance, as follows, to wit:

"This conveyance of the properties hereinabove described is made subject to the right of the Railroad Commission of the State of California, and said Railroad Commission shall have the right, by its order, to substitute or join the grantee

herein named, or its successor or successors in interest, in the property hereinabove described, or in any part thereof, as a party or parties defendant in any matter or matters now pending before the said Railroad Commission in which the San Francisco-Oakland Terminal Railways is a party defendant, and thereafter any such matter shall proceed upon the record then before the Commission as if said substituted party defendant had been a party from the beginning thereof; and that upon and after the making and filing of such order by said Railroad Commission, any decision which may be rendered by the said Railroad Commission in such matter or matters shall and may run in favor of or against said grantee, its successors or assigns, and each of them, in like manner and to the same degree and effect as such decision would have run in favor of or against said San Francisco-Oakland Terminal Railways."

That pursuant to the direction of section II of said order, a copy of each of said conveyances is herewith filed with your honorable Commission.

That your petitioners desire that said stipulation be approved as conforming to said requirement of said order and that likewise said provision in said conveyances may be approved as conforming to said requirement.

VI.

That as set forth in said original petition to your honorable body it is desired that the Key System Transit Company lease and operate the properties transferred to the East Oakland Railway Company and the Oakland and Haywards Railway Company, respectively. That forms of such leases are attached hereto and marked Exhibits D and E.

That your petitioners desire that the execution of said leases in said forms be authorized by your honorable body.

Wherefore, your petitioners pray:

1. That responsive to the matters set forth in section II of this petition, your honorable Commission approve of the omission of the properties described in Exhibits A and B attached hereto from the conveyance by said trustees to said Key System Transit Company of the properties for which said company was authorized to issue certain of its stocks and bonds, and of the retention by said trustees of the legal title to the said properties so omitted in trust for said Key System Transit Company and for the purposes set out in said section II.

2. That responsive to the matters set out in section III of said petition, your honorable Commission approve of the provision of the prior preferred and preferred stock whose issuance is authorized by your previous order herein to the effect that the preferred dividend right incident to such stock shall be the right to a cumulative dividend from and after July 1, 1923, and of the retention by the said trustees of the sum of two hundred fifty thousand (250,000) dollars from the transfer to the Key System Transit Company of the properties in return for which said company is authorized by your previous order to issue certain of its stocks and bonds, and that said trustees be authorized to pay to the holders of the prior referred stock to be issued by said company as aforesaid at the time of the issuance of the same, to each such holder, three and one-half (3½) per cent of the par value of his stock in full payment and discharge of his preferred right to a dividend in that amount upon said stock for the period from July 1, 1923, to December 31, 1923, both dates inclusive, the said trustees accounting to said Key System Transit Company for any balance of said two hundred fifty thousand (250,000) dollars not so used.

3. That responsive to the matters set forth in section IV of this petition, your honorable Commission authorize the assumption by Key System Transit Company of the indebtedness set forth in said section IV.

4. That responsive to the matters set forth in section V of said petition, your honorable Commission approve the form of stipulation referred to in said section and filed with you and approve likewise of the form of the provision inserted in each of the conveyances by said trustees to said Key System Transit Company, East Oakland Railway Company and Oakland and Haywards Railway Company and set out in said section V.

5. That responsive to the matters set forth in section VI of said petition, your petitioners Key System Transit Company, East Oakland Railway Company and Oakland and Haywards Railway Company be authorized to execute leases in the forms set out in Exhibits D and E, attached to said petitions.

Respectfully submitted.

HUGH GOODFELLOW,
WARREN OLNEY,
W. I. BROBECK, Trustees.

KEY SYSTEM TRANSIT COMPANY,

By C. O. G. MILLER, President.
By F. W. FROST, Secretary.

EAST OAKLAND RAILWAY COMPANY,

By W. I. BROBECK, President.
By F. W. FROST, Secretary.

OAKLAND AND HAYWARDS RAILWAY COMPANY,

By W. I. BROBECK, President.
By F. W. FROST, Secretary.

GOODFELLOW, EELS, MOORE AND ORRICK,
MCCUTCHEON, OLNEY, MANNON AND GREENE,
MORRISON, DUNNE AND BROBECK,

Attorneys for Petitioners.

State of California }
County of Alameda } ss

F. W. Frost, being first duly sworn, deposes and says:

That at all times since the acquisition on the 17th day of July, 1923, by Hugh Goodfellow, Warren Olney and W. I. Brobeck, as trustees, of the properties formerly belonging to the San Francisco-Oakland Terminal Railways, he has acted and is now acting as secretary for said trustees, that he is also the secretary of each of the petitioners Key System Transit Company, East Oakland Railway Company and Oakland and Haywards Railway Company; that he has read the foregoing petition and knows the contents thereof, and the same is true of his own knowledge, except as to those matters therein alleged upon information and belief and as to such matters he believes it to be true.

F. W. FROST.

Subscribed and sworn to before me
this 14th day of February, 1924.

[SEAL]

ETHEL MAYON,

Notary public in and for the
County of Alameda,
State of California.

EXHIBIT A.

All those certain lots, pieces and parcels of land situate, lying and being in the city of Oakland, county of Alameda, State of California, bounded and particularly described as follows, to wit:

First. All of lot numbered one hundred three (103), as said lot is laid down, delineated and so designated upon that certain map entitled "Pleasant Valley Court, Oakland, Alameda County, California," etc., filed October 31st, 1911, in the office of the county recorder of said county of Alameda.

Subject, however, to the rights of way for sewer purposes, as the same are laid down, delineated and so designated upon that certain map hereinabove referred to.

Second. Commencing at a point in the southerly boundary line of lot numbered eight (8), in block lettered "D," distant thereon south $86^{\circ} 45\frac{1}{2}'$ east one hundred eight and $\frac{2}{10}$ (108.2) feet from the southwesterly corner of said lot numbered eight (8), as said lot numbered eight (8), and said block lettered "D" are laid down, delineated and so designated upon that certain map entitled "Revised Map of Piedmont Park," etc., filed April 25th, 1883, in the office of the county recorder of said county of Alameda, said point of commencement, also being the most northwesterly corner of that certain $\frac{1}{100}$ (.01) acre piece or parcel of land described in that certain deed from Wickham Havens, Incorporated, a corporation, to The Realty Syndicate, a corporation, dated April 3rd, 1908, and recorded May 8th, 1908, in Liber 1485 of Deeds, at page 86, in the office of the county recorder of said county of Alameda; and running thence along the southwesterly boundary line of said $\frac{1}{100}$ (.01) acre piece or parcel of land and along the northeasterly boundary line of that certain seven and $\frac{78}{100}$ (7.78) acre piece or parcel of land described in that certain deed from The Realty Syndicate, a corporation, to Piedmont Building Association, a corporation, dated March 14th, 1910, and recorded March 17th, 1910, in Liber 1744 of Deeds, at page 3, in the office of the county recorder of said county of Alameda, south $22^{\circ} 50'$ east three hundred fifty and $\frac{40}{100}$ (350.40) feet; thence continuing along said northeasterly boundary line of said seven and $\frac{78}{100}$ (7.78) acre piece or parcel of land southeasterly on the arc of a circle of fifteen hundred thirty-two and $\frac{5}{10}$ (1532.5) feet radius, deflecting to the left or eastward and tangent to last mentioned course, a distance of eight hundred eighty-eight and $\frac{56}{100}$ (888.56) feet to the most easterly corner of said seven and $\frac{78}{100}$ (7.78) acre piece or parcel of land; thence southeasterly continuing on said arc of a circle of fifteen hundred thirty-two and $\frac{5}{10}$ (1532.5) feet radius, deflecting to the left or eastward, a distance of $\frac{4}{100}$ (.04) feet; thence south $56^{\circ} 03\frac{1}{2}'$ east fourteen (14) feet to the easterly boundary line of plot No. 25, as said plot No. 25 is laid down, delineated and so designated upon that certain map entitled "Map of the Ranchos of Vincente & Domingo Peralta," etc., hereinafter referred to; thence along said easterly boundary line of said plot No. 25 north $0^{\circ} 10\frac{1}{2}'$ east two hundred forty-seven and $\frac{5}{10}$ (247.5) feet to the most southerly corner of that certain six (6) acre piece or parcel of land firstly described in that certain deed from The Realty Syndicate, a corporation, to Alta Piedmont Land Company, a corporation, dated March 23rd, 1909, and recorded June 2nd, 1909, in Liber 1584 of Deeds, at page 429, in the office of the county recorder of said county of Alameda; thence along the southwesterly boundary line of said six (6) acre piece or parcel of land northwesterly on the arc of a circle of thirteen hundred thirty-two and $\frac{50}{100}$ (1332.50) feet radius, deflecting to the right or northward, a distance of six hundred forty-eight and $\frac{9}{10}$ (648.9) feet; thence continuing along said southwesterly boundary line of said six (6) acre piece or parcel of land and tangent to last mentioned arc, north $22^{\circ} 50'$ west two hundred fifty-two and $\frac{6}{10}$ (252.6) feet to said southerly boundary line of said lot numbered eight (8), and thence along said southerly boundary line of said lot numbered eight (8) north $86^{\circ} 45\frac{1}{2}'$ west two hundred twenty-two and $\frac{6}{10}$ (222.6) feet to the point of commencement.

Containing four and $\frac{95}{100}$ (4.95) acres of land, and

Being a portion of plot No. 25, as said plot is laid down, delineated and so designated upon that certain map entitled "Map of the Ranchos of Vincente & Domingo Peralta," etc., filed January 21st, 1857, in the office of the county recorder of said county of Alameda.

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Third. Commencing at a point in the westerly boundary line of plot No. 91, as said plot No. 91 is laid down, delineated and so designated upon that certain map entitled "Map of the Ranchos of Vincente & Domingo Peralta," etc., hereinafter referred to, distant thereon south $0^{\circ} 10\frac{1}{2}'$ west twenty-seven and $90/100$ (27.90) feet from the southeasterly corner of that certain one hundred seventeen and $44/100$ (117.44) acre piece or parcel of land described in that certain deed from The Realty Syndicate, a corporation, to Wickham Havens, Incorporated, a corporation, dated December 17th, 1906, and recorded December 28th, 1906, in Liber 1250 of Deeds, at page 432, in the office of the county recorder of said county of Alameda; and running thence north $0^{\circ} 10\frac{1}{2}'$ east along said westerly boundary line of said plot No. 91 two hundred forty-seven and $5/10$ (247.5) feet to the most southerly corner common to that certain six (6) acre piece or parcel of land firstly described and that certain twenty-one and $54/100$ (21.54) acre piece or parcel of land secondly described in that certain deed from The Realty Syndicate, a corporation, to Alta Piedmont Land Company, a corporation, dated March 23rd, 1909, and recorded June 2nd, 1909, in Liber 1584 of Deeds, at page 429, in the office of the county recorder of said county of Alameda; thence along the southwesterly boundary line of said twenty-one and $54/100$ (21.54) acre piece or parcel of land southeasterly on the arc of a circle of thirteen hundred thirty-two and $5/10$ (1332.5) feet radius, deflecting to the left or eastward, and tangent to a line bearing south $50^{\circ} 44'$ east, a distance of one hundred twenty-three and $7/10$ (123.7) feet; thence continuing along said southwesterly boundary line of said twenty-one and $54/100$ (21.54) acre piece or parcel of land and tangent to last mentioned arc south $56^{\circ} 03\frac{1}{2}'$ east seven hundred eighty-eight and $3/10$ (788.3) feet to the most southerly corner of said twenty-one and $54/100$ (21.54) acre piece or parcel of land, thence continuing last mentioned course south $56^{\circ} 03\frac{1}{2}'$ east sixty-nine and $4/10$ (69.4) feet; thence southeasterly on the arc of a circle of two thousand nine and $9/10$ (2009.9) feet radius, deflecting to the right or southward, and tangent to last mentioned course, a distance of five hundred seventy-six and $2/10$ (576.2) feet to a point in the center of Indian Gulch in the northwesterly boundary line of that certain fourteen and $25/100$ (14.25) acre piece or parcel of land described in that certain deed from Piedmont Building Association, a corporation, to The Realty Syndicate, a corporation, dated November 5th, 1906, and recorded November 22nd, 1906, in Liber 1284 of Deeds, at page 22, in the office of the county recorder of said county of Alameda; thence down said center of said Indian Gulch and following the meanderings thereof and along said northwesterly boundary line of said fourteen and $25/100$ (14.25) acre piece or parcel of land south $74^{\circ} 27'$ west forty-six and $6/10$ (46.6) feet, south $65^{\circ} 07'$ west seventy and $6/10$ (70.6) feet, south $82^{\circ} 09'$ west eighty-four and $5/10$ (84.5) feet and south $32^{\circ} 12'$ west nineteen and $9/10$ (19.9) feet; thence leaving said center line of said Indian Gulch and said northwesterly boundary line of said fourteen and $25/100$ (14.25) acre piece or parcel of land northwesterly on the arc of a circle of eighteen hundred nine and $9/10$ (1809.9) feet radius, deflecting to the left or westward and tangent to a line bearing north $42^{\circ} 01'$ west, a distance of four hundred forty-three and $6/10$ (443.6) feet, and thence north $56^{\circ} 03\frac{1}{2}'$ west and tangent to last mentioned arc, eight hundred forty-three and $7/10$ (843.7) feet to the point of commencement.

Being a portion of plot No. 91, as said plot is laid down, delineated and so designated upon that certain map entitled "Map of the Ranchos of Vincente & Domingo Peralta," etc., filed January 21st, 1857, in the office of the county recorder of said county of Alameda.

Fourth. Commencing at the most southerly corner of that certain fourteen and $25/100$ (14.25) acre piece or parcel of land described in that certain deed from Piedmont Building Association, a corporation, to The Realty Syndicate, a corporation, hereinafter referred to; and running thence northwesterly on the arc of a circle of fifteen hundred thirty-two and $69/100$ (1532.69) feet radius, deflecting to the right or northward, and tangent to a line bearing north $33^{\circ} 12'$ west, a distance of twenty-five and $63/100$ (25.63) feet; thence north $32^{\circ} 14\frac{1}{2}'$ west and tangent to last mentioned arc three hundred thirteen and $6/10$ (313.6) feet; thence northwesterly on the arc of a circle of eighteen hundred nine and $9/10$ (1809.9) feet radius, deflecting to the left or westward, and tangent to last mentioned course, a distance of three hundred eight and $8/10$ (308.8) feet to a point in the northwesterly boundary line of said fourteen and $25/100$ (14.25) acre piece or parcel of land in the center of Indian Gulch; thence along said northwesterly boundary line of said fourteen and $25/100$ (14.25) acre piece or parcel of land, and up said center of said Indian Gulch and following the meanderings thereof north $32^{\circ} 12'$, east nineteen and $9/10$ (19.9) feet, north $82^{\circ} 09'$, east eighty-four and $5/10$ (84.5) feet, north $65^{\circ} 07'$, east seventy and $6/10$ (70.6) feet and north $74^{\circ} 27'$ east forty-six and $6/10$ (46.6) feet; thence leaving said northwesterly boundary line of said fourteen and $25/100$ (14.25) acre piece or parcel of land and said center of said Indian Gulch southeasterly on the arc of a circle of two thousand nine and $9/10$ (2009.9) feet radius, deflecting to the right or southward, and tangent to a line bearing south $39^{\circ} 38'$ east, a distance of two hundred fifty-nine and $3/10$ (259.3) feet; thence south $32^{\circ} 14\frac{1}{2}'$ east and tangent to last mentioned arc two hundred twelve and $6/10$ (212.6) feet to the southeasterly boundary line of said fourteen and $25/100$ (14.25) acre piece or parcel of land, and thence along said southeasterly boundary line of said fourteen and $25/100$ (14.25) acre piece or parcel of land south $25^{\circ} 24\frac{1}{2}'$ west two hundred thirty-six and $5/10$ (236.5) feet to the point of commencement.

Containing two and $59/100$ (2.59) acres of land, and

Being a portion of that certain fourteen and $25/100$ (14.25) acre piece or parcel of land described in that certain deed from Piedmont Building Association, a corporation, to The Realty Syndicate, a corporation, dated November 5th, 1906, and recorded November 22nd, 1906, in Liber 1284 of Deeds, at page 22, in the office of the county recorder of said county of Alameda.

Subject, however, to the easement or right of way granted by that certain deed from The Realty Syndicate, a corporation, to Great Western Power Company, a corporation, dated December 9th, 1908, and recorded March 17th, 1909, in Liber 1578 of Deeds, at page 189, in the office of the county recorder of said county of Alameda.

Fifth. A strip of land lying across the southwestern end of that certain piece or parcel of land heretofore conveyed by Wickham Havens et ux, to Arthur H. Breed by deed, dated September 12th, 1906, and filed in the office of the county recorder of Alameda county, California, on the 10th day of October, 1906, and recorded in Volume 1239 of Deeds at page 73, said strip being bounded and described as follows, to wit:

Commencing at the intersection of the southwestern boundary of said piece or parcel of land, conveyed by said Havens to said Breed, as aforesaid, with the northern line of Thirteenth avenue as widened to 100 feet in width and as shown on that certain map entitled "Map showing land to be taken for widening of Thirteenth avenue or Walker street from the center line of Hampel street to the northern property line of Arthur H. Breed," filed in the office of the county recorder of Alameda County, California, on the 10th day of October, 1907, and recorded in Book 23 of Maps at page 42, and from said place of commencement running north 51° 01' west along the southwestern boundary of said land conveyed by said Havens to said Breed as aforesaid 695.48 feet thence north 25° 24' east, along the northwestern boundary line of said land conveyed by said Havens to said Breed, as aforesaid, 236.5 feet; thence south 32° 14' east 101.6 feet; thence southeasterly on the arc of a circle of 1332.69 feet radius concave to the left or northeast and tangent to the last aforesaid course 524.2 feet; thence south 54° 47' east tangent to said arc 192.7 feet to said northern line of said Thirteenth avenue as widened according to said map; thence south 59° 33' west along said northern line of said Thirteenth avenue widened as aforesaid 151.62 feet to the place of commencement.

Containing 2.57 acres.

Subject, however, to that certain easement or right of way for sewer purposes granted by that certain deed from The Realty Syndicate, a corporation, to Charles G. Lyman, dated April 9th, 1909.

Sixth. All of lot numbered two hundred thirty-three (233), as said lot is laid down, delineated and so designated upon that certain map entitled "Map of Fourth Avenue Terrace Extension, Oakland, California," etc., filed May 29th, 1908, in the office of the county recorder of said county of Alameda.

Subject, however, to that certain easement or right of way granted by that certain deed from The Realty Syndicate, a corporation, to Charles G. Lyman, dated April 9th, 1909.

Seventh. All of lot numbered one hundred seventy-four (174) as said lot is laid down, delineated and so designated upon that certain map entitled "Map of Fourth Avenue Terrace Extension, Oakland, California," etc., filed May 29th, 1908, in the office of the county recorder of said county of Alameda.

Eighth. All of lot numbered one (1) in block lettered "O," as said lot and block are laid down, delineated and so designated upon that certain map entitled "Map of Fourth Avenue Terrace, Oakland, Cal." etc., filed May 8th, 1907, in the office of the county recorder of said county of Alameda.

Subject, however, to the right of way for sewer purposes, as the same is laid down, delineated and so designated upon that certain map hereinabove referred to.

Ninth. Commencing at the southeasterly corner of that certain six (6) acre piece or parcel of land described in that certain deed from The Realty Syndicate, a corporation, to East Piedmont Land Company, a corporation, hereinafter referred to; and running thence along the southerly boundary line of said six (6) acre piece or parcel of land north 77° west one hundred two and 97/100 (102.97) feet to the easterly boundary line of lot numbered one (1), in block lettered "O," as said lot numbered one (1) and said block lettered "O" are laid down, delineated and so designated upon that certain map entitled "Map of Fourth Avenue Terrace, Oakland, Cal." etc., filed May 8th, 1907, in the office of the county recorder of said county of Alameda; thence along said easterly boundary line of said lot numbered one (1) north 12° 35' east thirty-three (33) feet to the northeasterly corner of said lot numbered one (1) in the southerly boundary line of lot numbered one hundred seventy-four (174), as said lot numbered one hundred seventy-four (174) is laid down, delineated and so designated upon that certain map entitled "Map of Fourth Avenue Terrace Extension, Oakland, California," etc., filed May 29th, 1908, in the office of the county recorder of said county of Alameda; thence along said southerly boundary line of said lot numbered one hundred seventy-four (174) south 77° east one hundred three and 21/100 (103.21) feet to the southeasterly corner of said lot numbered one hundred seventy-four (174) in the easterly boundary line of said six (6) acre piece or parcel of land, and thence along said easterly boundary line of said six (6) acre piece or parcel of land south 13° west thirty-three (33) feet to the point of commencement.

Containing 78/1000 (0.078) acres of land and

Being a portion of that certain six (6) acre piece or parcel of land described in that certain deed from The Realty Syndicate, a corporation, to East Piedmont Land Company, a corporation, dated January 7th, 1907, and recorded February 27th, 1907, in Liber 1318 of Deeds, at page 195, in the office of the county recorder of said county of Alameda.

Tenth. Commencing at the point of intersection of the westerly boundary line of lot numbered twenty-one (21) with the center line of Hampel street, as said lot numbered twenty-one (21) and said Hampel street are laid down, delineated and so designated upon that certain map entitled "Map of the Millbury Tract," etc., hereinafter referred to; and running thence along said westerly boundary line of said lot numbered twenty-one (21) north 18° 05' east one hundred forty-seven and 33/100 (147.33) feet to the most southwesterly corner of lot numbered one (1), as said lot numbered one (1) is laid down, delineated and so designated upon that certain map entitled "Map of Dimond Vista, Oakland, California," etc., filed September 30th, 1911, in the office of the county recorder of said county of Alameda; thence along the southerly boundary line of said lot numbered one (1) and the southerly boundary line of lots numbered two (2), three (3), four (4), and five (5), as said lots numbered two (2), three (3), four (4), and five (5) are laid down, delineated and so designated upon that certain map entitled "Map of Dimond Vista," etc., hereinabove referred to, south 68° 42' east two hundred thirteen and 9/10 (213.9) feet;

thence south $78^{\circ} 35\frac{1}{2}'$ west one hundred sixty-six and $4/10$ (166.4) feet; thence south $66^{\circ} 05\frac{1}{2}'$ west thirty-three (33) feet; thence south $38^{\circ} 45\frac{1}{2}'$ west thirty-one (31) feet to said center line of said Hampell street, and thence along said center line of said Hampell street north $76^{\circ} 54\frac{1}{2}'$ west twenty and $5/10$ (20.5) feet to the point of commencement.

Containing $32/100$ (.32) acres of land and

Being a portion of lot numbered twenty-one (21), as said lot is laid down, delineated and so designated upon that certain map entitled "Map of the Millbury Tract Brooklyn Township, Alameda Co.," etc., filed July 11th, 1871, in the office of the county recorder of said county of Alameda.

Eleventh. Commencing at a point in the center line of Hampell street, distant thereon south $76^{\circ} 54\frac{1}{2}'$ east twenty and $5/10$ (20.5) feet from the point of intersection of said center line of said Hampell street with the westerly boundary line of lot numbered twenty-one (21), as said Hampell street and said lot numbered twenty-one (21) are laid down, delineated and so designated upon that certain map entitled "Map of the Millbury Tract," etc., hereinafter referred to; and running thence north $38^{\circ} 45\frac{1}{2}'$ east thirty-one (31) feet; thence north $66^{\circ} 05\frac{1}{2}'$ east thirty-three (33) feet and thence north $78^{\circ} 35\frac{1}{2}'$ east one hundred sixty-six and $4/10$ (166.4) feet to the most southeasterly corner of lot numbered five (5), as said lot numbered five (5) is laid down, delineated and so designated upon that certain map entitled "Map of Dimond Vista, Oakland, California," etc., filed September 30th, 1911, in the office of the county recorder of said county of Alameda; thence south $68^{\circ} 42'$ east one hundred thirty-three and $7/100$ (133.07) feet to the center of Sausal Creek; thence down the center of Sausal Creek and following the meanderings thereof south $14^{\circ} 18\frac{1}{2}'$ west sixty-five and $3/100$ (65.03) feet, north $54^{\circ} 31\frac{1}{2}'$ west ninety-four (94) feet, and south $54^{\circ} 37\frac{1}{2}'$ west ninety-one and $55/100$ (91.55) feet to said center line of said Hampell street, and thence leaving said center of said Sausal Creek and along said center line of said Hampell street north $76^{\circ} 54\frac{1}{2}'$ west one hundred seventy-three and $75/100$ (173.75) feet to the point of commencement.

Containing $48/100$ (.48) acres of land and

Being a portion of lot numbered twenty-one (21), as said lot is laid down, delineated and so designated upon that certain map entitled "Map of the Millbury Tract Brooklyn Township, Alameda Co.," etc., filed July 11th, 1871, in the office of the county recorder of said county of Alameda.

Twelfth. Commencing at the point of intersection of the northwesterly line of Canon avenue with the southerly line of Hampell street, said point of commencement also being the most northeasterly corner of lot numbered twenty-eight (28), as said Canon avenue, said Hampell street and said lot numbered twenty-eight (28), are laid down, delineated and so designated upon that certain map entitled "Map of Dimond Park, Oakland, Alameda Co., Calif.," etc., filed March 7th, 1905, in the office of the county recorder of said county of Alameda; and running thence along said northwesterly line of said Canon avenue south $36^{\circ} 03'$ west sixty-four and $67/100$ (64.67) feet to the most southeasterly corner of said lot numbered twenty-eight (28); thence along the southerly boundary line of said lot numbered twenty-eight (28) and said southerly boundary line of said lot numbered twenty-eight (28) if extended westerly, north $77^{\circ} 22'$ west to the easterly boundary line of block lettered "O," as said block lettered "O" is laid down, delineated and so designated upon that certain map entitled "Map of Fourth Avenue Terrace, Oakland, Cal.," etc., filed May 5th, 1907, in the office of the county recorder of said county of Alameda; thence along said easterly boundary line of said block lettered "O" north $12^{\circ} 35'$ east to the most northwesterly corner of said lot numbered twenty-eight (28) in said southerly line of said Hampell street, and thence along said southerly line of said Hampell street south $77^{\circ} 22'$ east one hundred fifty-two and $19/100$ (152.19) feet to the point of commencement.

Thirteenth. Commencing at the point of intersection of the southeasterly line of Canon avenue with the southerly line of Hampell street, said point of commencement also being the most northwesterly corner of lot numbered twenty-nine (29), as said Canon avenue, said Hampell street and said lot numbered twenty-nine (29) are laid down, delineated and so designated upon that certain map entitled "Map of Dimond Park," etc., hereinafter referred to; and running thence along said southeasterly line of said Canon avenue south $36^{\circ} 03'$ west seventy-five and $95/100$ (75.95) feet; thence south $60^{\circ} 51'$ east one hundred thirty-five and $60/100$ (135.60) feet to the most southeasterly corner of lot numbered thirty (30), as said lot numbered thirty (30) is laid down, delineated and so designated upon that certain map entitled "Map of Dimond Park," etc., hereinafter referred to; thence along the easterly boundary lines of said lots numbered thirty (30) and twenty-nine (29) north $23^{\circ} 04'$ east one hundred ten and $5/100$ (110.05) feet to said southerly line of said Hampell street, and thence along said southerly line of said Hampell street north $77^{\circ} 22'$ west one hundred nineteen and $74/100$ (119.74) feet to the point of commencement.

Being all of lot numbered twenty-nine (29) and a portion of lot numbered thirty (30), as said lots are laid down, delineated and so designated upon that certain map entitled "Map of Dimond Park, Oakland, Alameda Co., Calif.," etc., filed March 7th, 1905, in the office of the county recorder of said county of Alameda.

All those certain lots, pieces and parcels of land situate, lying and being in the city of Piedmont, county of Alameda, State of California, bounded and particularly described as follows, to wit:

First. All of lot number seventy-eight (78), as said lot is laid down, delineated and so designated upon that certain map entitled "Map of Piedmont Manor, Piedmont, California," etc., filed April 7th, 1911, in the office of the county recorder of said county of Alameda.

Expressly reserving, however, a right of way or easement for sewer purposes in, under, over and across the land last above described five (5) feet in width and a distance in length equal to the length of the center line of the sewer now located in said land, the center line of said right of way or easement being said center line of said sewer now existing on said land, and the right to enter upon said right of

way or easement, five (5) feet in width, for the purpose of repairing and maintaining said sewer.

Subject to the rights of way for sewer and electrical purposes as the same are laid down, delineated and so designated upon that certain map hereinabove referred to.

Second. Commencing at a point in the northerly line of Oakland avenue, distant thereon north $66^{\circ} 27' 30''$ east eighty-four and $25/100$ (84.25) feet from the point of intersection of said northerly line of said Oakland avenue with the easterly line of Jerome avenue, as said Oakland avenue and said Jerome avenue are laid down, delineated and so designated upon that certain map entitled "Map of Lincoln Park," etc., hereinafter referred to; and running thence along said northerly line of said Oakland avenue north $66^{\circ} 27' 30''$ east fifty-seven and $75/100$ (57.75) feet to the westerly boundary line of plot "E," as said plot "E" is laid down, delineated and so designated upon that certain map entitled "Map in Partition of the Blair Ranch," etc., accompanying referee's report in Case No. 10390, Superior Court of Alameda County, California; *Florence Ethel Blair vs. Mabel E. Squires, Phoebe A. Blair, et al.*, filed April 28th, 1897, in the office of the county clerk of said county of Alameda; thence along said westerly boundary line of said plot "E" north $25^{\circ} 29'$ west one hundred ninety-four and $42/100$ (194.42) feet to the northerly boundary line of lot numbered four (4), in block lettered "C," as said lot numbered four (4), and said block lettered "C" are laid down, delineated and so designated upon that certain map entitled "Map of Lincoln Park," etc., hereinafter referred to; thence along said northerly boundary line of said lot numbered four (4) south $64^{\circ} 38' 30''$ west sixty-one and $20/100$ (61.20) feet, and thence southerly on the arc of a circle of nineteen hundred fifty-nine and $9/10$ (1959.9) feet radius, deflecting to the right or eastward, a distance of one hundred ninety-two and $62/100$ (192.62) feet to the point of commencement.

Being portions of lots numbered one (1), two (2), three (3) and four (4) in block lettered "C," as said lots and block are laid down, delineated and so designated upon that certain map entitled "Map of Lincoln Park, Oakland, Alameda Co., Cal.," etc., filed December 17th, 1890, in the office of the county recorder of said county of Alameda, and

Being all that triangular portion of lot number six (6), in part "A," as said lot number six (6) and said part "A" are laid down, delineated and so designated upon that certain map entitled "Subdivision Map of the Bowman Tract, near Oakland, Alameda County, California," etc., filed August 30th, 1873, in the office of the county recorder of said county of Alameda, lying northwesterly of Oakland avenue, as said Oakland avenue is laid down, delineated and so designated upon that certain map entitled "Map of the Villa-Nova Tract, Oakland Township, Alameda County," etc., filed February 1st, 1893, in the office of the county recorder of said county of Alameda.

Third. All of lots numbered eleven (11), twelve (12) and thirteen (13), in block lettered "C," as said lots and block are laid down, delineated and so designated upon that certain map entitled "Map of Lincoln Park, Oakland, Alameda Co., Cal.," etc., filed December 17th, 1890, in the office of the county recorder of said county of Alameda.

Fourth. Commencing at the point of intersection of the westerly boundary line of plot "E," as said plot "E" is laid down, delineated and so designated upon that certain map entitled "Map in Partition of the Blair Ranch," etc., hereinafter referred to, with the northerly line of Oakland avenue, as widened by that certain deed from The Realty Syndicate, a corporation, to city of Piedmont, a municipal corporation, dated July 7th, 1910, and recorded July 9th, 1910, in Liber 1756 of Deeds, at page 380, in the office of the county recorder of said county of Alameda; and running thence along said westerly boundary line of said plot "E" north $25^{\circ} 29'$ west five hundred thirteen and $3/10$ (513.3) feet to the southerly boundary line of lot numbered seventy-eight (78), as said lot numbered seventy-eight (78) is laid down delineated and so designated upon that certain map entitled "Map of Piedmont Manor, Piedmont, California," etc., filed April 7th, 1911, in the office of the county recorder of said county of Alameda; thence along said southerly boundary line of said lot numbered seventy-eight (78) north $64^{\circ} 23'$ east one hundred (100) feet to the westerly line of Ricardo avenue, as said Ricardo avenue is laid down, delineated and so designated upon that certain map entitled "Map of Central Piedmont Tract No. 2, Oakland Township, Alameda Co., Cal.," etc., filed March 19th, 1906, in the office of the county recorder of said Alameda county; thence along said westerly line of said Ricardo avenue and along the westerly boundary line of block lettered "N," as said block lettered "N" is laid down, delineated and so designated upon that certain map entitled "Map of Central Piedmont Tract No. 2," etc., hereinabove referred to, south $25^{\circ} 29'$ east five hundred thirteen and $3/10$ (513.3) feet to said northerly line of said Oakland avenue, and thence along said northerly line of said Oakland avenue south $66^{\circ} 13'$ west one hundred and $6/100$ (100.06) feet to the point of commencement.

Containing one and $14/100$ (1.14) acres of land, and

Being a portion of plot "E," as said plot is laid down, delineated and so designated upon that certain map entitled "Map in Partition of the Blair Ranch," etc., accompanying referee's report in Case No. 10390, Superior Court of Alameda County, California; *Florence Ethel Blair vs. Mabel E. Squires, Phoebe A. Blair et al.*, filed April 28th, 1897, in the office of the county clerk of said county of Alameda.

Fifth. Commencing at the point of intersection of the westerly boundary line of plot "E," as said plot "E" is laid down, delineated and so designated upon that certain map entitled "Map in Partition of the Blair Ranch," etc., hereinafter referred to, with the southerly line of Oakland avenue, as widened by that certain deed from The Realty Syndicate, a corporation, to city of Piedmont, a municipal corporation, dated July 7th, 1910, and recorded July 9th, 1910, in Liber 1756 of Deeds, at page 380, in the office of the county recorder of said county of Alameda; and running thence along said westerly boundary line of said plot "E" south $25^{\circ} 29'$ east thirty-six and

8/10 (36.8) feet to the most southerly corner of said plot "E"; thence along the southerly boundary line of said plot "E" north 64° 37' east one hundred (100) feet; thence north 25° 29' west thirty-three and 6/10 (33.6) feet to said southerly line of said Oakland avenue, and thence along said southeasterly line of said Oakland avenue south 66° 27' west one hundred and 6/100 (100.06) feet to the point of commencement.

Containing 8/100 (.08) acres of land, and

Being a portion of plot "E," as said plot is laid down, delineated and so designated upon that certain map entitled "Map in Partition of the Blair Ranch," etc., accompanying referee's report in Case No. 10390, Superior Court of Alameda County, California; *Florence Ethel Blair vs. Mabel E. Squires, Phoebe A. Blair, et al.*, filed April 28th, 1897, in the office of the county clerk of said county of Alameda.

Sixth. Commencing at a point in the northwesterly line of Vanclose avenue, distant thereon north 34° 10' east thirty and 52/100 (30.52) feet from the point of intersection of said northwesterly line of said Vanclose avenue with the northeasterly line of Dale place, as said Vanclose avenue and said Dale place are laid down, delineated and so designated upon that certain map entitled "Map of the Villa-Nova Tract," etc., hereinafter referred to; and running thence north 40° 04' west nine and 7/100 (9.07) feet; thence northwesterly on the arc of a circle of nineteen hundred sixty (1960) feet radius, deflecting to the right or northward, and tangent to last mentioned course, a distance of one hundred twenty-two and 29/100 (122.29) feet; thence north 34° 10' east one hundred six and 3/10 (106.3) feet; thence southeasterly on the arc of a circle of eighteen hundred sixty (1860) feet radius, deflecting to the left or eastward, a distance of one hundred thirty-one and 84/100 (131.84) feet to the said northwesterly line of said Vanclose avenue, and thence along said northwesterly line of said Vanclose avenue south 34° 10' west one hundred three and 96/100 (103.96) feet to the point of commencement.

Being portions of lots numbers forty-five (45), forty-six (46) and forty-seven (47), as said lots are laid down, delineated and so designated upon that certain map entitled "Map of the Villa-Nova Tract, Oakland Township, Alameda Co.," etc., filed February 1st, 1893, in the office of the county recorder of said county of Alameda.

Seventh. Commencing at a point in the southeasterly line of Vanclose avenue, distant thereon south 34° 10' west nineteen and 52/100 (19.52) feet from the point of intersection of said southeasterly line of said Vanclose avenue with the southwesterly line of Vallecito avenue, as said Vanclose avenue and said Vallecito avenue are laid down, delineated and so designated upon that certain map entitled "Map of the Villa-Nova Tract," etc., hereinafter referred to; and running thence along said southeasterly line of said Vanclose avenue south 34° 10' west one hundred three and 9/10 (103.9) feet; thence south 40° 04' east one hundred twenty and 1/10 (120.1) feet to a point in the northwesterly line of said Vallecito avenue; thence northeasterly along said northwesterly line of said Vallecito avenue one hundred seventeen and 75/100 (117.75) feet, and thence north 40° 04' west eighty-six and 87/100 (86.87) feet to the point of commencement.

Being portions of lots numbers one (1) and two (2), as said lots are laid down, delineated and so designated upon that certain map entitled "Map of the Villa-Nova Tract, Oakland Township, Alameda Co.," etc., filed February 1st, 1893, in the office of the county recorder of said county of Alameda.

Eighth. Commencing at a point on the southeastern boundary line of lot 7 in the center of Magnolia avenue, formerly Piedmont avenue, as said lot and avenue are delineated and so designated on that certain map entitled "Subdivision Map of the Bowman Tract," filed in the office of the county recorder of Alameda County, Cal., August 30th, 1873, distant along the sixth course of the exterior boundary line survey of the said lot 7, 71.04 feet southwesterly from its northeastern extremity, and running thence along the said boundary line of said lot 7 in the center of Magnolia avenue south 57° 10' west 100.92 feet; thence leaving the last said line north 40° 33' west 400.68 feet to a point in the center of Vallecito avenue on the western boundary line of the aforesaid lot 7; thence along the said boundary line in the center of said Vallecito avenue north 17° 25' east 79.54 feet, north 23° 24' east 36.29 feet; thence leaving said center line of Vallecito avenue south 40° 33' east 472.35 feet to the point of commencement.

Containing 1,005 acres, and being a portion of the aforesaid lot 7 of the Bowman Tract.

Ninth. Commencing at a point in the southeasterly line of Magnolia avenue, distant thereon south 57° 15' west thirty-one and 89/100 (31.89) feet from the point of intersection of said southeasterly line of said Magnolia avenue with the boundary line between lots numbers two (2) and three (3), as said Magnolia avenue and said lots numbers two (2) and three (3) are laid down, delineated and so designated upon that certain map entitled "Map of Piedmont Terrace," etc., hereinafter referred to; and running thence along said southeasterly line of said Magnolia avenue north, 57° 15' east one hundred one and 4/100 (101.04) feet; thence south 41° 03' east two hundred fifty-two and 3/10 (252.3) feet to a point in the southeasterly boundary line of said lot number three (3), distant thereon south 63° 57' west eighteen and 16/100 (18.16) feet from the most easterly corner of said lot number three (3); thence along said southeasterly boundary line of said lot number three (3) south 63° 57' west one hundred three and 48/100 (103.48) feet; and thence north 41° 03' west two hundred forty and 1/10 (240.1) feet to the point of commencement.

Being portions of lots numbers two (2) and three (3), as said lots are laid down, delineated and so designated upon that certain map entitled "Map of Piedmont Terrace, Oakland Township, Alameda Co.," etc., filed December 14th, 1891, in the office of the county recorder of said county of Alameda.

All those certain lots, pieces and parcels of land situate, lying and being partly in the city of Oakland, and partly in the city of Piedmont, county of Alameda, State of California, bounded and particularly described as follows, to wit:

First. A strip of land one hundred (100) feet in width, being fifty (50) feet on each side of a center line, said center line being located and described as follows, to wit:

Commencing at a point in the center line of county road No. 1109, distant thereon northeasterly eight and 53/100 (8.53) chains from the point of intersection of said center line of said county road No. 1109 with the center line of Pleasant Valley avenue, as said Pleasant Valley avenue is laid down, delineated and so designated upon that certain map entitled "Map in Partition of the Blair Ranch," etc., hereinafter referred to; and running thence south 43° 57' east three and 34/100 (3.34) chains; thence southeasterly on the arc of a circle of thirty-eight hundred nineteen and 83/100 (3819.83) feet radius, deflecting to the right or southward and tangent to last mentioned course, the chord of said arc bearing south 41° 08' east, a distance of five and 53/100 (5.53) chains to a point in the northerly boundary line of that certain piece or parcel of land secondly described in that certain deed from The Realty Syndicate, a corporation, to Oakland Transit Consolidated, a corporation, dated October 14th, 1903, and recorded October 15th, 1903, in Liber 940 of Deeds, at page 42, in the office of the county recorder of said county of Alameda, distant thereon south 80° 04' west ten and 65/100 (10.65) chains from the point of intersection of said northerly boundary line of said piece or parcel of land with the northwesterly line of Montecito avenue, as said Montecito avenue is laid down, delineated and so designated upon that certain map entitled "Map of Central Piedmont Tract, Oakland Township, Alameda County, California," etc., filed September 8th, 1903, in the office of the county recorder of said county of Alameda.

Being a portion of plot "B," as said plot is laid down, delineated and so designated upon that certain map entitled "Map and Partition of the Blair Ranch," etc., accompanying referee's report in Case No. 10390, Superior Court of Alameda County, California; *Florence Ethel Blair vs. Mabel E. Squires, Phoebe A. Blair et al.*, filed April 28th, 1897, in the office of the county clerk of said county of Alameda.

Saving and excepting therefrom, however, all that portion of the above described property embraced within boundary lines of said county road No. 1109.

Second. A strip of land two hundred (200) feet in width, being one hundred (100) feet on each side of a center line, said center line being located and described as follows, to wit:

Commencing at a point in the southerly boundary line of lot numbered eight (8), in block lettered "D," distant thereon south 86° 45' east two hundred nineteen and 5/10 (219.5) feet from the most southwesterly corner of said lot numbered eight (8), as said lot numbered eight (8) and said block lettered "D" are laid down, delineated and so designated upon that certain map entitled "Revised Map of Piedmont Park," etc., hereinafter referred to; and running thence north 22° 50' west five hundred forty-nine and 1/10 (549.1) feet; thence northwesterly on the arc of a circle of twenty-eight hundred sixty-four and 8/10 (2864.8) feet radius, deflecting to the left or westward, and tangent to last mentioned course, a distance of one hundred fourteen and 1/10 (114.1) feet to a point in the northwesterly boundary line of lot numbered seven (7), in said block lettered "D," as said lot numbered seven (7), is laid down, delineated and so designated upon that certain map entitled "Revised Map of Piedmont Park," etc., hereinafter referred to, distant thereon north 57° 30' east two hundred ninety-six (296) feet from the most westerly corner of said lot numbered seven (7).

Being portions of lots numbered seven (7) and eight (8), in block lettered "D," as said lots and block are laid down, delineated and so designated upon that certain map entitled "Revised Map of Piedmont Park," etc., filed April 25th, 1883, in the office of the county recorder of said county of Alameda.

EXHIBIT B.

All those certain lots, pieces and parcels of land situate, lying and being in the city of Oakland, county of Alameda, State of California, bounded and particularly described as follows, to wit:

First. Commencing at a point in the westerly line of Bay avenue, distant thereon south 23° 32' west three hundred forty-six and 24/100 (346.24) feet from the point of intersection of said westerly line of said Bay avenue with the southwesterly line of county road known as Clark street; and running thence along said westerly line of said Bay avenue south 23° 32' west thirty-two and 14/100 (32.14) feet to the northerly boundary line of that certain 21/100 (0.21) acre piece or parcel of land described as an exception in that certain agreement from Jeanette Reading Simson, a widow, and Leslie Simson, an unmarried man, to F. M. Smith, dated November 19th, 1907, and recorded November 25th, 1907, in Liber 1403 of Deeds, at page 207, in the office of the county recorder of said county of Alameda; thence along said northerly boundary line of said 21/100 (0.21) acre piece or parcel of land north 87° 30' west sixty-four and 14/100 (64.14) feet; thence continuing along said northerly boundary line of said 21/100 (0.21) acre piece or parcel of land westerly on the arc of a circle of six hundred twenty-eight and 28/100 (628.28) feet radius, deflecting to the right or northward and tangent to last mentioned course, a distance of four hundred seventy-two and 43/100 (472.43) feet to the southwesterly boundary line of that certain nine and 26/100 (9.26) acre piece or parcel of land described in that certain agreement from Jeanette Reading Simson, a widow, and Leslie Simson, an unmarried man, to F. M. Smith, hereinabove referred to; thence along said southwesterly boundary line of said nine and 26/100 (9.26) acre piece or parcel of land and along said southwesterly boundary line of said nine and 26/100 (9.26) acre piece or parcel of land, if extended northwesterly, north 44° 25' west, tangent to last mentioned arc, nine hundred eight and 76/100 (908.76) feet; thence northwesterly on the arc of a circle of seven hundred eighty-nine and 8/100 (789.08) feet radius, deflecting to the right or northward and tangent to last mentioned course, a distance of one hundred seventy-two and 15/100 (172.15) feet; thence north 31° 55' west, tangent to last mentioned arc, one hundred and 63/100 (100.63) feet; thence northwesterly on the arc of a circle of seven hundred thirty-nine and 8/100 (739.08) feet radius, deflecting to the left or westward and tangent to last mentioned course, a distance of one hundred sixty-one and 24/100 (161.24) feet; thence north 44° 25'

west, tangent to last mentioned arc, eleven and 19/100 (11.19) feet to a point in the southeasterly end of Commerce street; distant thereon north 45° 40' east five (5) feet from the point of intersection of said southeasterly end of said Commerce street with the southwesterly line of said Commerce street, as said Commerce street is delineated upon that certain map entitled "Map of the High Street Tract," etc., filed November 28th, 1874, in the office of the county recorder of said county of Alameda; thence along said southeasterly end of said Commerce street north 45° 40' east thirty (30) feet; thence south 44° 25' east eleven and 15/100 (11.15) feet; thence southeasterly on the arc of a circle of seven hundred sixty-nine and 8/100 (769.08) feet radius, deflecting to the right or southward and tangent to last mentioned course, a distance of one hundred sixty-seven and 79/100 (167.79) feet; thence south 31° 55' east, tangent to last mentioned arc, one hundred and 63/100 (100.63) feet; thence southeasterly on the arc of a circle of seven hundred fifty-nine and 8/100 (759.08) feet radius deflecting to the left or eastward and tangent to last mentioned course, a distance of one hundred sixty-five and 61/100 (165.61) feet; thence south 44° 25' east, tangent to last mentioned arc, nine hundred eight and 76/100 (908.76) feet; thence easterly on the arc of a circle of five hundred ninety-eight and 28/100 (598.28) feet radius, deflecting to the left or northward and tangent to last mentioned course, a distance of four hundred forty-nine and 87/100 (449.87) feet, and thence south 87° 30' east, tangent to last mentioned arc, seventy-five and 68/100 (75.68) feet to the point of commencement.

Containing one and 321/1000 (1.321) acres; and

Being a portion of that certain piece or parcel of land conveyed by Nathaniel Chittenden to Robert Simson by deed, dated November 5th, 1866, and recorded March 12th, 1867, in Liber X of Deeds, at page 391, in the office of the county recorder of said county of Alameda; and

Being a portion of that certain piece or parcel of land conveyed by Robert Simson to Pacific Cordage Company, a corporation, by deed, dated October 18th, 1899, and recorded in Liber 697 of Deeds, at page 306, in the office of the county recorder of said county of Alameda; and

Being a portion of that certain piece or parcel of land conveyed by James D. Farwell to Pacific Cordage Company, a corporation, by deed, dated July 24th, 1872, and recorded in Liber 83 of Deeds, at page 367, in the office of the county recorder of said county of Alameda; and

Being a portion of that certain piece or parcel of land conveyed by James D. Farwell to Pacific Cordage Company, a corporation, by deed, dated November 15th, 1872, and recorded in Liber 97 of Deeds, at page 68, in the office of the county recorder of said county of Alameda; and

Being a portion of that certain piece or parcel of land conveyed by William Boutelle to Pacific Cordage Company, a corporation, by deed, dated November 15th, 1877, and recorded in Liber 160 of Deeds, at page 51, in the office of the county recorder of said county of Alameda; and

Being a portion of that certain piece or parcel of land conveyed by James D. Farwell and Elizabeth Farwell to The Pacific Cordage Company, a corporation, by deed, dated November 15th, 1877, and recorded in Liber 160 of Deeds, at page 52, in the office of the county recorder of said county of Alameda; and

Being a portion of that certain piece or parcel of land conveyed by Henry Robinson to The Pacific Cordage Company, a corporation, by deed, dated July 24th, 1872, and recorded in Liber 83 of Deeds, at page 366, in the office of the county recorder of said county of Alameda.

Second. Commencing at a point on the eastern line of Bay avenue, distant thereon south 23 degrees 32' west 409.29 feet from the northwestern corner of that certain 35.09 acre tract of land heretofore conveyed by Jeanette Reading Simson and Leslie Simson to Walter H. Leimert by deed dated May 28th, 1906, and recorded in Liber 1164 of Deeds, at page 223, Alameda County records, and running thence south 87 degrees 30' east 268.04 feet; thence easterly along the arc of a curve to the left, with a radius of 373.10 feet, a distance of 87.90 feet; thence along a line tangent to last said curve north 79 degrees east 700 feet; thence easterly along the arc of a curve to the right with a radius of 393.10 feet, a distance of 177.69 feet to a point on the southwestern line of the Central Pacific Railroad Company's 100-foot right of way; thence south 43 degrees 2' east 40.67 feet to a point distant north 43 degrees 2' west 8.52 feet from the intersection of said right of way line with the extension southwesterly of the southeastern boundary line of the Melrose Station tract, as said boundary line is delineated on that certain map entitled "Map of Melrose Station Tract," filed in the office of the recorder of Alameda County, California, November 30th, 1891; thence leaving said right of way line, westerly along the arc of curve to the left with a radius of 373.10 feet, a distance of 203.17 feet; thence south 79 degrees west 700 feet; thence westerly along the arc of a curve to the right with a radius of 393.10 feet, a distance of 92.61 feet; thence on a line tangent to last said curve north 87 degrees 30 minutes west 275.73 feet to a point on the aforesaid eastern line of Bay avenue, and thence along said line of said avenue north 23 degrees 32' east 21.43 feet to the point of commencement.

Containing 0.57 acres, and being a portion of the 35.09 acre tract of land described in the aforesaid deed from Jeanette Reading Simson and Leslie Simson et al. to Walter H. Leimert.

All those certain easements and rights of way in the vicinity of Alameda avenue and High street, in the city of Oakland, conveyed by the Leona Chemical Company, a corporation, to San Francisco-Oakland Terminal Railways, a corporation, by deed, dated June 17th, 1916, and recorded August 4th, 1916, in Book 2491 of Deeds, page 24, records of the county of Alameda, State of California.

All those certain lands and easements and rights of way for uses and purposes of a railroad over and across certain lands now in the city of Oakland, county of Alameda, State of California, more particularly described in the deed from California Railway Company, a corporation, to California Railway, a corporation, predecessor

in interest of San Francisco-Oakland Terminal Railways, a corporation, dated August 25, 1890, and recorded August 25, 1890, in Liber 412 of Deeds, page 64, records of said county of Alameda; the same constituting the right of way formerly known as the "California Railway."

Saving and excepting therefrom all those portions of said lands, easements and rights of way lying north or northeasterly of the southwestern line of East Fourteenth street, in the city of Oakland.

All those certain franchises, rights and privileges to construct, lay down, operate and maintain interurban railroads on, along and upon the streets, avenues, roads and highways therein named in the county of Alameda, State of California, which were granted to and conferred upon the grantees therein named, their successors and assigns, by ordinances of the board of supervisors of the county of Alameda, state aforesaid, which ordinances are designated hereunder by the respective numbers thereof, and the respective dates of approval or passage thereof by said the board of supervisors of said county of Alameda, state aforesaid, all of which appear from the originals of said ordinances on file in the office of the board of supervisors of the county of Alameda, in Oakland, in said county, state aforesaid, the said respective numbers and dates of said ordinances being as follows, to wit:

Ordinance Number 37, May 9, 1892.

Ordinance Number 107, January 27, 1908.

EXHIBIT C.

Title of Case.]

STIPULATION.

Pursuant to paragraph 9 of the order of the Railroad Commission of the State of California, duly given and made in the above entitled matter on December 14, 1923, and being Decision No. 12931 of said Commission:

It is hereby stipulated by Hugh Goodfellow, Warren Olney and W. I. Brobeck, trustees, that the said Commission may, by order, substitute or join them as parties defendant in any matter or matters now pending before said Commission in which the San Francisco-Oakland Terminal Railways is a party defendant, and that thereafter any such matter shall proceed upon the record then before the Commission as if the said substituted parties defendant had been parties from the beginning thereof, and that upon and after the making and filing of such order by said Commission any decision which may be rendered by said Commission in such matter or matters shall and may run in favor of or against said substituted parties defendant and each of them in like manner and to the same degree and effect as such decision would have run in favor of or against said San Francisco-Oakland Terminal Railways.

In witness whereof, the said Hugh Goodfellow, Warren Olney and W. I. Brobeck, trustees as aforesaid, have hereunto signed their names this fifteenth day of February, 1924.

HUGH GOODFELLOW,
WARREN OLNEY,
W. I. BROBECK,

Trustees.

EXHIBIT D.

This lease and option made and entered into as of the thirty-first day of December, 1923, by and between East Oakland Railway Company, a California corporation, party of the first part (hereinafter sometimes referred to as the "Lessor"), and Key System Transit Company, a like corporation, party of the second part (hereinafter sometimes referred to as the "Lessee"), witnesseth:

Whereas, the lessor has heretofore acquired from Hugh Goodfellow, Warren Olney and W. I. Brobeck, pursuant to a contract with said Hugh Goodfellow, Warren Olney and W. I. Brobeck, dated the thirty-first day of December, 1923, and pursuant to an order of the Railroad Commission of the State of California duly made and given on the fourteenth day of December, 1923, the property hereinafter described; and

Whereas, the lessor is about to make, execute and deliver to Anglo-California Trust Company, as trustee, its trust indenture, dated as of the first day of July, 1923, by the terms of which all of said property shall be mortgaged for the purpose of securing two hundred and twenty-nine thousand dollars (\$229,000) in face amount of bonds of the lessor; and

Whereas, the lessor is desirous of leasing to the lessee all of said property for the life of said bonds, on the terms herein provided;

Now, therefore, in consideration of the premises, and in consideration of the rental herein reserved, and of the covenants, conditions and agreements herein contained, to be kept, paid, observed and performed by the lessee, the lessor hereby leases and demises unto said lessee and said lessee hereby hires and takes from said lessor, the following described property (hereinafter sometimes referred to as the "demised property"), to wit:

All the railroads and railroad lines within the city of Oakland, county of Alameda, State of California, as follows:

First. Beginning in Thirteenth street at its intersection with the easterly line of Webster street; thence easterly along Thirteenth street to Oak street; thence southerly along Oak street to Twelfth street; thence easterly along Twelfth street to East Twelfth street and First avenue; thence northeasterly along First avenue to East Fourteenth street; thence southeasterly along East Fourteenth street to its intersection with the center line of Thirteenth avenue.

Second. Beginning in Twenty-third avenue (formerly Park street) at a point about two hundred (200) feet southerly from the northerly line of the right of

way of the Central Pacific Railroad Company; thence northerly and northeasterly along Twenty-third avenue to the north line of East Twenty-seventh street. Together with all and singular the rights of way, easements, franchises and privileges pertaining thereto.

To have and to hold the said demised property, unto the lessee, under and subject to the terms, covenants and conditions herein specified for the term of fourteen and one-half (14½) years from the date hereof, that is to say from the date hereof until the first day of July, 1938.

Said letting and hiring shall be upon the following terms and conditions:

(1) The lessee agrees to pay at the time of the issuance of said bonds of the lessor, to Mercantile Trust Company of California, for the account of the persons, firms or corporations who shall be entitled to receive said bonds of the lessor, all accrued interest unpaid to July 1, 1923, upon any and all bonds of Twenty-third Avenue Electric Railway, issued and outstanding at said July 1, 1923, under that certain mortgage or deed of trust executed by Twenty-third Avenue Electric Railway to California Title Insurance and Trust Company, as trustee, bearing date March 15, 1893, and recorded in the office of the county recorder of Alameda County in Liber 461 of Mortgages, at page 49.

(2) The lessee agrees to pay to the lessor as rental for said demised property, the following sums:

(a) All sums as the same shall become due, that shall become due or owing from the lessor to said Anglo-California Trust Company, as trustee, and/or to the bondholders, and/or to any other persons, under and pursuant to the provisions of said trust indenture, dated as of the first day of July, 1923, by and between the lessor and said Anglo-California Trust Company, as trustee, including the interest and sinking fund requirements of said trust indenture, insurance, and all other sums of whatsoever kind, save the principal amount of the bonds issued and to be issued under said trust indenture and secured thereby;

(b) The lessee shall pay before the same shall become delinquent, all taxes, assessments, rates and other charges lawfully levied or assessed upon or against the lessor or the lessee, on account of the interest of the lessee hereunder, or on account of the ownership by the lessor of the said demised property.

(3) The lessee will during the continuance of this lease, operate the demised property prudently and so that all rights and franchises of the lessor touching or relating to the demised property shall be continued in full force and effect; the lessee hereby agrees to keep all of the demised property in good order and repair, at its own proper cost and charge, and agrees to replace, at its own cost, any of the demised property that may be worn out, lost or destroyed, by new property of equal value and utility.

(4) Any additions, betterments, improvements or extensions to the demised property shall be made at the sole cost and expense of the lessee.

(5) The lessee hereby agrees to maintain and operate said demised property in such manner as to comply with all requirements and obligations imposed by law or otherwise upon the lessor and/or the lessee, and that it will forever indemnify and save harmless the said lessor from and against all liability, loss, damage and injury arising directly or indirectly out of the management, maintenance or operation by said lessee of said demised property or any part thereof.

(6) The said lessee hereby further agrees that it will, during the continuance of this lease, pay all of the expenses and charges incident to the maintenance and operation of the demised property, and that it will not do or suffer anything to be done which may create any lien upon said demised property, or any part thereof.

(7) This lease is made expressly subject to the liens and terms of the said trust indenture between the lessor and said Anglo-California Trust Company, as trustee, dated as of July 1, 1923, and the lessee hereby accepts all of the terms and provisions of said trust indenture, and consents to the exercise of all rights and remedies of the said trustee and the holders of bonds issued and to be issued thereunder, as in said trust indenture provided. Should the lessee be deprived of possession of the demised property or any part thereof by virtue of the exercise of any remedies by said trustee or bondholders, pursuant to the provisions of said trust indenture, the lessee will, nevertheless, continue to make all of the payments herein provided to be made by it.

(8) Upon the termination of this lease in any manner (except by the purchase of the demised property by the lessee), the lessee shall surrender and deliver to the lessor the demised property, and all renewals, improvements, betterments and extensions thereof, in a good state of condition and repair.

(9) The waiver by the lessor of any default on the part of the lessee hereunder shall not be or be construed to be a waiver of any other or subsequent default.

The lessee is hereby given an irrevocable option to purchase all of the demised property on July 1, 1938, or at any time prior thereto, while the lessee shall not be in default hereunder, at the price as follows: The lessee shall pay to the lessor such sum as when added to any moneys in the hands of the trustee under said trust indenture available for the payment or redemption of bonds issued thereunder shall be necessary to pay at maturity or to redeem prior to maturity, in accordance with the provisions of said trust indenture, all of the bonds secured thereby, and then issued and outstanding thereunder, and any and all sums that shall have then become due from the lessee to the lessor hereunder. Upon such election and payment by the lessee, the lessor will make, execute and deliver to the lessee, good and sufficient deeds, bills of sale and other documents necessary to convey and transfer all of the demised property to the lessee.

The terms, covenants and conditions herein set forth shall be binding upon and inure to the benefit of the successors and assigns of the parties hereto, but shall not be assigned or assignable in whole, or in part, by the lessee without the written consent of the lessor.

In the event of the execution of this lease and option and the approval by the Railroad Commission of the State of California of the same, prior to June 30, 1924, the considerations herein expressed for this lease and option shall be and shall be deemed to be full compensation to the lessor for the use and occupancy of the demised property by the lessee from December 31, 1923, to such date of execution and approval.

In witness whereof, the parties hereto have caused these presents to be executed in their names and under their seals, by their officers thereunto duly authorized, the day and year first hereinabove written.

EAST OAKLAND RAILWAY COMPANY,

By-----
President.

By-----
Secretary.

KEY SYSTEM TRANSIT COMPANY,

By-----
President.

By-----
Secretary.

State of California }
County of Alameda } ss

On this ----- day of January, in the year one thousand nine hundred and twenty-four, before me, -----, a Notary Public in and for the county of Alameda, State of California, residing therein and duly commissioned and sworn, personally appeared -----, known to me to be the ----- president, and -----, known to me to be the secretary of East Oakland Railway Company, one of the corporations named in and which executed the foregoing lease and option, and known to me to be the persons who executed said instrument on behalf of said corporation therein named, and acknowledged to me that such corporation executed the same.

In witness whereof, I have hereunto set my hand and affixed my official seal, the day and year in this certificate first above written.

Notary Public
in and for the County of Alameda,
State of California.

State of California }
County of Alameda } ss

On this ----- day of January, in the year one thousand nine hundred and twenty-four, before me, -----, a Notary Public in and for the county of Alameda, State of California, residing therein and duly commissioned and sworn, personally appeared -----, known to me to be the -----, and -----, known to me to be the secretary of Key System Transit Company, one of the corporations named in and which executed the foregoing lease and option, and known to me to be the persons who executed said instrument on behalf of said corporation therein named, and acknowledged to me that such corporation executed the same.

In witness whereof, I have hereunto set my hand and affixed my official seal, the day and year in this certificate first above written.

Notary Public
in and for the County of Alameda,
State of California.

CONSENT OF STOCKHOLDERS OF EAST OAKLAND RAILWAY COMPANY TO LEASE.

The undersigned, being persons holding or representing all of the subscribed and/or issued capital stock of East Oakland Railway Company do hereby consent to and approve the execution of the within and foregoing lease and option.

Dated: Oakland, California, -----, 1924.

KEY SYSTEM TRANSIT COMPANY,

By-----
Vice President.

By-----
Secretary.

EXHIBIT E.

This lease and option made and entered into as of the thirty-first day of December, 1923, by and between Oakland and Haywards Railway Company, a California corporation, party of the first part (hereinafter sometimes referred to as the "Lessor"), and Key System Transit Company, a like corporation, party of the second part (hereinafter sometimes referred to as the "Lessee"), witnesseseth:

Whereas, the lessor has heretofore acquired from Hugh Goodfellow, Warren Olney and W. I. Brobeck, pursuant to a contract with said Hugh Goodfellow, Warren Olney and W. I. Brobeck, dated the thirty-first day of December, 1923, and pursuant to an order of the Railroad Commission of the State of California, duly made and given on the fourteenth day of December, 1923, the property hereinafter described; and

Whereas, the lessor is about to make, execute and deliver to Anglo-California Trust Company, as trustee, its trust indenture, dated as of the first day of July, 1923, by the terms of which all of said property shall be mortgaged for the purpose of securing two hundred and thirty-six thousand dollars (\$236,000) in face amount of bonds of the lessor; and

Whereas, the lessor is desirous of leasing to the lessee all of said property for the life of said bonds, on the terms herein provided;

Now, therefore, in consideration of the premises, and in consideration of the rental herein reserved, and of the covenants, conditions and agreements herein contained, to be kept, paid, observed and performed by the lessee, the lessor hereby leases and demises unto said lessee and said lessee hereby hires and takes from said lessor, the following described property (hereinafter sometimes referred to as the "demised property"), to wit:

All the railroads and railroad lines in the city of Oakland, county of Alameda, State of California, as follows:

First. Beginning in East Fourteenth street at its intersection with the center line of Thirteenth avenue; thence easterly and southeasterly along said East Fourteenth street to the northwesterly boundary line of the city of San Leandro, at or near Stanley road.

All the railroads and railroad lines within the city of San Leandro, county of Alameda, State of California, as follows:

Beginning in East Fourteenth street (formerly known as San Leandro road), at its intersection with the northwest boundary line of the city of San Leandro at or near Stanley road; thence southeasterly along East Fourteenth street (or San Leandro road) and along the streets now or formerly known as Watkins street and Hayward avenue, respectively, to the southeasterly boundary line of the city of San Leandro.

All the railroads and railroad lines within Eden township, county of Alameda, State of California, as follows:

First. Beginning at the intersection of the main county road from San Leandro to Hayward, now or formerly known as San Leandro road, with the southeasterly boundary line of the town of San Leandro; thence southeasterly along said San Leandro road to the northwestern boundary line of the town of Hayward.

Second. Beginning at a point in the main county road from San Leandro to Hayward, now or formerly known as San Leandro road, where the same is intersected by a road leading to the town of San Lorenzo, now or formerly known as Telegraph road; thence southerly along said Telegraph road through the town of San Lorenzo to San Lorenzo Creek.

All railroads and railroad lines within the town of Hayward, county of Alameda, State of California:

Beginning in Castro street at its intersection with the northwestern boundary line of the town of Hayward; thence southeasterly along Castro street to the southeastern boundary of the town of Hayward.

Together with all and singular the rights of way, easements, franchises and privileges pertaining thereto.

Also those certain lots, pieces or parcels of land situate, lying and being in the city of Oakland, county of Alameda, State of California, described as follows, to wit:

Lots numbered 6, 7, 8, 9, 10, 11, 12, 13, 14, 15 and 16, in Block "2," as said lots and block are delineated and so designated upon that certain map entitled: "Map of the Warner Tract," filed October 12, 1891, in the office of the county recorder of said Alameda County.

To have and to hold the said demised property, unto the lessee, under and subject to the terms, covenants, and conditions herein specified for the term of fourteen and one-half (14½) years from the date hereof, that is to say, from the date hereof until the first day of July, 1938.

Said letting and hiring shall be upon the following terms and conditions:

(1) The lessee agrees to pay at the time of the issuance of said bonds of the lessor, to Mercantile Trust Company of California, for the account of the persons, firms or corporations who shall be entitled to receive said bonds of the lessor, all accrued interest unpaid to July 1, 1923, upon any and all bonds of Oakland, San Leandro and Haywards Electric Railway, issued and outstanding at said July 1, 1923, under that certain mortgage or deed of trust executed by Oakland, San Leandro and Haywards Electric Railway to California Title Insurance and Trust Company, as trustee, bearing date March 1, 1892, and recorded in the office of the county recorder of Alameda County in Liber 442 of Deeds, at page 423.

(2) The lessee agrees to pay to the lessor as rental for said demised property, the following sums:

(a) All sums, as the same shall become due, that shall become due or owing from the lessor to said Anglo-California Trust Company, as trustee, and/or to the bond-

holders, and/or to any other persons, under and pursuant to the provisions of said trust indenture, dated as of the first day of July, 1923, by and between the lessor and said Anglo-California Trust Company, as trustee, including the interest and sinking fund requirements of said trust indenture, insurance, and all other sums of whatsoever kind, save the principal amount of the bonds issued and to be issued under said trust indenture and secured thereby;

(b) The lessee shall pay before the same shall become delinquent, all taxes, assessments, rates and other charges lawfully levied or assessed upon or against the lessor or the lessee, on account of the interest of the lessee hereunder, or on account of the ownership by the lessor of the said demised property.

(3) The lessee will, during the continuance of this lease, operate the demised property prudently and so that all rights and franchises of the lessor touching or relating to the demised property shall be continued in full force and effect; the lessee hereby agrees to keep all of the demised property in good order and repair, at its own proper cost and charge, and agrees to replace, at its own cost, any of the demised property that may be worn out, lost or destroyed, by new property of equal value and utility.

(4) Any additions, betterments, improvements or extensions to the demised property shall be made at the sole cost and expense of the lessee.

(5) The lessee hereby agrees to maintain and operate said demised property in such manner as to comply with all requirements and obligations imposed by law or otherwise upon the lessor and/or the lessee, and that it will forever indemnify and save harmless the said lessor from and against all liability, loss, damage and injury arising directly or indirectly out of the management, maintenance or operation by said lessee of said demised property or any part thereof.

(6) The said lessee hereby further agrees that it will, during the continuance of this lease, pay all of the expenses and charges incident to the maintenance and operation of the demised property, and that it will not do or suffer anything to be done which may create any lien upon said demised property, or any part thereof.

(7) This lease is made expressly subject to the lien and terms of the said trust indenture between the lessor and said Anglo-California Trust Company, as trustee, dated as of July 1, 1923, and the lessee hereby accepts all of the terms and provisions of said trust indenture, and consents to the exercise of all rights and remedies of the said trustee and the holders of bonds issued and to be issued thereunder, as in said trust indenture provided. Should the lessee be deprived of possession of the demised property or any part thereof by virtue of the exercise of any remedies by said trustee or bondholders, pursuant to the provisions of said trust indenture, the lessee will, nevertheless, continue to make all of the payments herein provided to be made by it.

(8) Upon the termination of this lease in any manner (except by the purchase of the demised property by the lessee), the lessee shall surrender and deliver to the lessor the demised property, and all renewals, improvements, betterments and extensions thereof, in a good state of condition and repair.

(9) The waiver by the lessor of any default on the part of the lessee hereunder shall not be or be construed to be a waiver of any other or subsequent default.

The lessee is hereby given an irrevocable option to purchase all of the demised property on July 1, 1938, or at any time prior thereto, while the lessee shall not be in default hereunder, at the price as follows: The lessee shall pay to the lessor such sum as, when added to any moneys in the hands of the trustee under said trust indenture available for the payment or redemption of bonds issued thereunder, shall be necessary to pay at maturity or to redeem prior to maturity, in accordance with the provisions of said trust indenture, all of the bonds secured thereby, and then issued and outstanding thereunder, and any and all sums that shall have then become due from the lessee to the lessor hereunder. Upon such election and payment by the lessee, the lessor will make, execute and deliver to the lessee, good and sufficient deeds, bills of sale and other documents necessary to convey and transfer all of the demised property to the lessee.

The terms, covenants and conditions herein set forth shall be binding upon and inure to the benefit of the successors, and assigns of the parties hereto, but shall not be assigned or assignable in whole, or in part, by the lessee without the written consent of the lessor.

In the event of the execution of this lease and option and the approval by the Railroad Commission of the State of California of the same, prior to June 30, 1924, the considerations herein expressed for this lease and option shall be and shall be deemed to be full compensation to the lessor for the use and occupancy of the demised property by the lessee from December 31, 1923, to such date of execution and approval.

In witness whereof, the parties hereto have caused these presents to be executed in their names and under their seals, by their officers thereunto duly authorized, the day and year first hereinabove written.

OAKLAND AND HAYWARDS RAILWAY COMPANY,

By-----
President.

By-----
Secretary.

KEY SYSTEM TRANSIT COMPANY,

By-----
President.

By-----
Secretary.

State of California }
County of Alameda } ss

On this ----- day of January, in the year one thousand nine hundred and twenty-four, before me, -----, a Notary Public in and for the county of Alameda, State of California, residing therein and duly commissioned and sworn, personally appeared -----, known to me to be the ----- president, and -----, known to me to be the secretary of Oakland and Haywards Railway Company, one of the corporations named in and which executed the foregoing lease and option, and known to me to be the person who executed said instrument on behalf of said corporation therein named, and acknowledged to me that such corporation executed the same.

In witness whereof, I have hereunto set my hand and affixed my official seal, the day and year in this certificate first above written.

Notary Public
in and for the County of Alameda,
State of California.

State of California }
County of Alameda } ss

On this ----- day of January, in the year one thousand nine hundred and twenty-four, before me, -----, a Notary Public in and for the county of Alameda, State of California, residing therein and duly commissioned and sworn, personally appeared -----, known to me to be the -----, and -----, known to me to be the secretary of Key System Transit Company, one of the corporations named in and which executed the foregoing lease and option, and known to me to be the persons who executed said instrument on behalf of said corporation therein named, and acknowledged to me that such corporation executed the same.

In witness whereof, I have hereunto set my hand and affixed my official seal, the day and year in this certificate first above written.

Notary Public
in and for the County of Alameda,
State of California.

CONSENT OF STOCKHOLDERS OF OAKLAND AND HAYWARDS RAILWAY COMPANY TO LEASE.

The undersigned, being persons holding or representing all of the subscribed and/or issued capital stock of Oakland and Haywards Railway Company do hereby consent to and approve the execution of the within and foregoing lease and option.

Dated: Oakland, California, -----, 1924.

KEY SYSTEM TRANSIT COMPANY,

By-----
Vice president.

By-----
Secretary.

DECISION No. 13223.

IN THE MATTER OF THE APPLICATION OF SAN FRANCISCO-SACRAMENTO RAILROAD COMPANY, A CORPORATION, FOR CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY TO OPERATE AN AUTOMOBILE PASSENGER AND EXPRESS BUS SERVICE BETWEEN WALNUT CREEK AND DIABLO, CALIFORNIA, AND INTERMEDIATE POINTS.

Application No. 9811.

Decided February 29, 1924.

BY THE COMMISSION.

ORDER.

This application, as amended, is for a certificate of public convenience and necessity authorizing the operation of automotive stage service for

the common carriage of passengers and express packages between Walnut Creek and Diablo, Contra Costa County, serving the intermediate points of Alamo and Danville, a total distance of 9.8 miles.

This applicant heretofore operated electric train service over approximately this route which train service, due to lack of adequate revenue, was permitted to be discontinued, effective March 1, 1924. In connection with the application to abandon train service, applicant agreed to substitute passenger bus service in lieu thereof and the present application is made in accordance with said agreement.

Applicant proposes to operate one Fageol street car type automobile bus with a capacity of twenty-nine passengers and to operate upon a schedule as more fully set forth in Exhibit "A" attached to the application. Under the amendment to the application, it is also proposed to transport express packages at a rate of one cent per pound, minimum charge twenty-five (25) cents. Packages to be handled will consist of those weighing up to forty (40) pounds; packages over 40 pounds and up to seventy-five (75) pounds to be accepted at discretion of the carrier. No package to be over three feet in length, two feet wide and two feet thick. Packages over seventy-five pounds not accepted for transportation. Rates for passenger service are as more fully set forth in existing tariffs of applicant as now on file with the Railroad Commission.

We are of the opinion that this is a matter in which a public hearing is not necessary and that the application should be granted.

The Railroad Commission of the State of California hereby declares that public convenience and necessity require the operation by San Francisco-Sacramento Railroad Company, a corporation, of an automobile stage line as a common carrier of passengers and express between Walnut Creek, Alamo, Danville and Diablo; and

It is hereby ordered, that a certificate of public convenience and necessity be and the same hereby is granted subject to the following conditions:

1. Applicant shall file its written acceptance of the certificate herein granted within a period of not to exceed ten (10) days from date hereof, and shall file, in duplicate, tariff of rates and time schedules as set forth in the application and tariffs now on file with the Commission, and time schedules as set forth in Exhibit "A" attached to the application herein.

2. The rights and privileges herein authorized may not be discontinued, sold, leased, transferred nor assigned unless the written consent of the Railroad Commission to such discontinuance, sale, lease, transfer or assignment has first been secured.

3. No vehicle may be operated by applicant herein unless such vehicle is owned by said applicant or is leased under a contract or agreement on a basis satisfactory to the Railroad Commission.

Dated at San Francisco, California, this twenty-ninth day of February, 1924.

DECISION No. 13227.

IN THE MATTER OF THE APPLICATION OF MIDLAND COUNTIES
PUBLIC SERVICE CORPORATION FOR AUTHORITY TO INCREASE
ELECTRIC RATES.

Application No. 5535.

Decided February 29, 1924.

RATES—ELECTRIC UTILITY—ADEQUATE RETURN.—The Commission having found that the Midland Counties Public Service Corporation was making a return of 9.22 per cent upon a reasonable valuation, it established rates that will produce a return of slightly below 8 per cent. The rate base is fixed at \$2,351,489.

CONTRACT RATES.—Contract rates are abolished and all consumers are placed on an equal basis, subject to uniform rate schedules. Agricultural consumers, as a class, receive a substantial reduction, and the company is directed to acquire ownership of all transformers formerly owned by the consumer.

SERVICE TO OILFIELDS.—The rate is increased from 1.4 cents per kilowatt hour to 1.5 cents per kilowatt hour, and includes a minimum charge, based upon connected load.

Murray Bourne, for Applicant.

T. C. Nelson, for California Farm Bureau Federation.

Willard G. Cram, for Paso Robles Chamber of Commerce and various private parties in Paso Robles.

William Shipsey and *C. P. Kactzel*, for City of San Luis Obispo.

C. L. Preisker, for City of Santa Maria, County of Santa Barbara; Santa Maria Valley Chamber of Commerce; the Union Sugar Company and N. T. U. Company.

E. C. Critchlow, for the Union Oil Company of California.

L. L. Carter, for the Shell Oil Company of California.

R. E. Easton, for the Santa Maria Gas Company.

W. A. Wilmer, and *M. S. Triguero*, for the San Miguel Chamber of Commerce.

E. C. Loomis, for the Arroyo Grande Chamber of Commerce.

C. W. Tubbs, for the Home Laundry of San Luis Obispo.

Webb Moore, for the Arroyo Grande Farm Bureau.

F. E. Adams, for the Celite Company of Lompoc, California.

E. A. Vaughan, for the City of Lompoc.

William C. O'Donnell, for San Luis Obispo Chamber of Commerce.

Louis Cohen and *B. J. Robinson*, for Atascadero Mutual Water Company, and The Atascadero Press.

A. E. Campbell, for the Board of Supervisors of San Luis Obispo County.

Will Francis Graham, for Garden Farms Mutual Water Company.

Walter Hughes, for City of Paso Robles.

Ellsworth Harrold, for Chamber of Commerce of Paso Robles.

SHORE, *Commissioner*.

OPINION.

The Midland Counties Public Service Corporation was originally known as the Coalinga Water and Electric Company, the name being changed in 1913, at which time the properties and franchises of Mid-

land Counties Gas and Electric Company, Paso Robles Light and Water Company, and Russel Robinson Water and Electric Company were purchased. The territory served by these companies was, at the time of consolidation, practically the same as the territory served today,

The company serves electricity in the cities of Coalinga, Paso Robles, San Luis Obispo, Santa Maria, Arroyo Grande, surrounding territory and intervening towns in Fresno, Monterey, San Luis Obispo and Santa Barbara counties. Water is supplied in Arroyo Grande. All gas properties previously owned, have been sold to Santa Maria Gas and Power Company.

All power is purchased from San Joaquin Light and Power Company through connections at Henrietta, Coalinga, and at Santa Maria. A steam plant located at Betteravia, Santa Barbara County, formerly used to supplement the delivery at Henrietta and Coalinga has not been operated since the completion of the tie-in at Santa Maria.

This proceeding was initiated by the company during the year 1920 as a result of an increase in the cost of power purchased from San Joaquin Light and Power Company, which company was required by this Commission to charge the Midland Counties with interest, depreciation and operating costs of the Betteravia steam plant. The application asked the Commission to fix the fair value of electric property for rate purposes, and to increase rates to yield an adequate return. Hearing was held in San Francisco, April 19, 1920, at which time, however, the company confined its request to authority to increase its rates for oil field service. In Decision No. 7570 (15 C. R. C. 192), May 13, 1920, the Commission found that the sales to oil field consumers was at a rate less than the wholesale cost of electricity to the Midland Counties Corporation, and established a rate of 1.4 cents per kilowatt hour for this service. The decision was confined to oil field schedules, leaving the questions of fair valuation and the adjusting of all rates on a permanent basis to future investigation.

Although this application is nominally for increase of rates, the company has modified this request during the proceeding, now asking for a new system of rates yielding adequate revenue. As the schedules of rates now in effect show the results of the consolidation of various properties and the filing of rates to meet changes in conditions, it is desirable to consider such modifications of rates as will promote simplicity, uniformity and the growth of business.

The Commission's engineering and accounting staffs have made a valuation of the electric properties, and an investigation into operating conditions, accounting methods, etc. Hearings were held at San Luis Obispo on June 5, 1923, and September 12, 1923, testimony being introduced, and at the latter hearing, the matter was submitted for decision.

At the closing of the hearing it was stipulated that any information relating to operations which became available at later dates, and data requested of the company by the Commission's engineering department was to be considered in evidence. The company has since supplied the information requested and the same has been extensively investigated by the Commission's engineering department.

The general principles which have been annunciated by the Commission, relative to what shall constitute the reasonable rate base, will be followed in this proceeding. Consideration will be given to the reasonable historical cost and investment in operative electric properties. As a measure of the reasonable rates, consideration will be given to the resultant return to be obtained under the present rates for the year 1923, on the average operative capital for that period.

Estimates of historical reproduction cost of the physical electric property as of date December 31, 1922, were submitted by the Commission's engineering and accounting representatives, and also by the company. The appraisal submitted for the Commission's engineering department by Mr. R. M. Vaughan, was based upon a field inventory and an analysis of actual unit costs which have prevailed for this company. The figures submitted by Mr. James Whitaker for the Commission's auditing department, and by Mr. Lloyd Henley for the company, were both based upon an analysis of the books of the company.

Mr. Whitaker and Mr. Henley necessarily followed a somewhat different segregation of accounts than that used by Mr. Vaughan. The results of these independent studies are set forth fully in Table I, Mr. Vaughan's detailed summary being altered somewhat for purposes of comparison.

TABLE I.
Investment in Operative Electric Plant, Midland Counties Public Service Corporation,
December 31, 1922.

	Railroad Commission		Midland Counties
	Historical reproduction cost appraisal, Vaughan	Book analysis, Whitaker	Book analysis
Organization and franchises.....	Not included	\$43,608 70	\$0,253 61
Lands and rights of way.....	\$20,249 00	26,796 27	26,878 78
Production		49,097 26	
Transmission	386,157 00	427,097 30	438,388 38
Distribution	1,502,060 00	1,447,554 68	1,447,654 68
General	97,191 00	103,497 88	129,764 04
Open work	48,792 00		
Undistributed		46,281 94	
Retirements		*(92,004 58)	
	\$2,054,479 00	\$2,051,839 43	\$2,051,839 43

*Credit.

The company has estimated total net additions and betterments for the year 1923 at \$335,979, of which amount approximately one-half

may be assumed as operative throughout the entire year. The Commission considers \$168,000 reasonable for average additions and betterments for 1923, and this amount will be used in the rate base.

The amount of \$153,706 is claimed by the company for materials and supplies on hand, based on the balance shown in its materials and supplies account. As this includes supplies for construction work as well as for the operation of the system, it can not be accepted for the present purpose. The amount \$80,000 is considered reasonable and will be used.

The allowance for working cash capital will be determined in accordance with the principles laid down in previous decisions relative to the larger utilities operating in this state, which principles are fully set forth in Decision No. 11457. The cost of purchased power for one month and of operating expenses, exclusive of taxes and depreciation, for two months, based upon the revised estimate for 1923, approximates \$59,000. A deduction of one-fourth of state taxes for the year 1923 should be made, which leaves a net working cash capital of \$51,650.

The engineering department of the Commission estimates that the company will be required to spend \$5,000 in taking over transformers now used by certain agricultural consumers, or in providing its own equipment in lieu thereof, and this amount will be allowed in the rate base. The total amount of money advanced by consumers for line extensions and held by the company without payment of interest, averaged approximately \$5,000 for the year 1923. This amount is properly deductible in the determination of a rate base and will be deducted accordingly.

It is evident from Table I, above, that the investment in operative plant, as determined by inventory and appraisal methods, is a very close check of investment as determined by analysis of the company's books. Two separate studies, following this latter method, yielded the amount \$2,051,839, for operative electric capital as of December 31, 1922, and this amount will be used for rate base purposes.

The following table gives a summation of the items entering into the rate base for the year 1923, as used in this decision.

TABLE II.

Summation of Items Entering Into Rate Base for Year 1923.

Capital as of December 31, 1922	\$2,051,839 00
Average net additions and betterments for 1923	168,000 00
Materials and supplies	80,000 00
Working cash capital	51,650 00
Purchase of transformers	5,000 00
Total	\$2,356,489 00
Deduct advances by consumers for line extensions	5,000 00
Grand total for 1923 rate base	\$2,351,489 00

Two estimates of depreciation annuity were submitted, both being based on the capital as of December 31, 1922. Mr. Henley estimated the necessary depreciation annuity at \$46,415, no annuity being set up for automobile capital, as such depreciation is handled on a mileage basis, nor for meters and transformers in stock. Mr. Paul Thelen, of the Commission's engineering department, also submitted an estimate of depreciation annuity which, exclusive of those items not included in Mr. Henley's estimate, was approximately \$49,275. These figures do not include any allowance for capital installed during 1923, consideration of which would increase both estimates. After consideration of the estimates submitted by Mr. Henley and Mr. Thelen, and making allowance for an additional annuity on the property placed in service during 1923, it appears that the amount of \$52,000 is a reasonable depreciation annuity for the year 1923.

In line with former decisions, it is the position of this Commission that this utility should account for such reasonable depreciation reserve as should exist at the present time, as well as for the depreciation annuities which it will be permitted to collect from rates in the future. This also applies to interest upon the accumulated reserve which must supplement these annuities if they are to be adequate. The company has submitted through Mr. Henley, an estimate of \$278,558, as reasonable for depreciation reserve as of December 31, 1922. Mr. Thelen also submitted an estimate of accrued depreciation as of the same date, which, with certain proper deductions of accrued depreciation on meters and transformers in stock and automobile equipment, becomes approximately \$331,000. If Mr. Henley's and Mr. Thelen's calculations were carried forward to the close of the calendar year 1923, they, respectively, become approximately \$325,000 and \$380,000. Any estimate of the actual depreciation reserve which should now exist involves, to a certain extent, the past earnings, the actual depreciation annuities put aside by the company, and the extent to which replacements have been made. The depreciation reserve as reported by the company, totaled approximately \$226,000 as of December 31, 1922. It would appear that a reasonable depreciation reserve for the properties as of the thirty-first day of December, 1923, should be \$350,000, and the company will be required to build up the reserve to this amount as soon as practicable.

Estimates of operating revenue for 1923 as submitted by representatives of the Commission and the company varied widely, because of different interpretations placed upon a decrease in certain classes of revenue, particularly oil field operations. No discussion of these estimates is necessary, as actual revenues are now available for eleven months of the year and a very close estimate of revenue is possible. Based upon eleven months actual revenue, the engineering department

of the Commission estimates total revenue for 1923 at \$843,000, an amount which exceeds all estimates submitted at the hearings in this proceeding. This amount appears reasonable and will be used.

There have been submitted estimates of operating expenses by Mr. Charles Grunsky of the Commission's engineering department, by Mr. Whitaker of the Commission's auditing department, and by Mr. Henley of the company. The greatest discrepancy in these three estimates is in the item for purchased power. Mr. Whitaker and Mr. Henley have not excluded from their estimates the Betteravia steam plant charges, which clearly can not be included by this Commission, inasmuch as this plant no longer plays a useful part in the service rendered the Midland Counties Company, and conditions upon which rate calculations are made must be the same as those under which the rates calculated will be in effect. Since the date of these estimates the cost of purchased power for eleven months has become available, and the Commission's engineering department now estimates purchased power cost, exclusive of Betteravia steam plant charges, at \$368,500. This estimate is based on a quantity of purchased energy corresponding to the sales upon which the estimate of revenue of \$843,000 is based.

In regard to the other items of expense there is no great difference in the estimates submitted. As Mr. Grunsky's estimates are based on a study of operations during the first six months of 1923, and reflect certain corrections to book records which were not reflected in the other estimates, it appears that these expenses as estimated by Mr. Grunsky, can be accepted. The following Table III sets forth the various estimates submitted, together with the estimate which will be used in this decision.

TABLE III.

Midland Counties Public Service Corporation—Electric Department—Estimated Operating Expenses, Year 1923, Exclusive of Taxes and Depreciation.

	Company by Henley	Commission by Whitaker	Commission by Grunsky	As will be used by Commission
Purchased power -----	*\$408,898	*\$405,871	\$362,000	\$368,500
Transmission -----	12,800	11,372	12,000	12,000
Distribution -----	78,000	64,994	62,000	62,000
Utilization -----		6,281	7,000	7,000
Commercial -----	{ 41,000		31,000	31,000
New business -----	{	45,541	14,000	14,000
General -----	48,000	47,296	44,000	44,000
Totals -----	\$588,698	\$581,354	\$532,000	\$538,500

*Includes Betteravia steam plant charges.

The company estimates state tax payable in 1923 at \$29,393. This amount is reasonable and will be used. Franchise tax is estimated at \$382. While there is some doubt that this entire amount will eventually be paid out, the amount involved is relatively small and will be used. The company estimate of federal taxes totaled \$25,000 for 1923. There

is included in this amount approximately \$20,000 chargeable against operations in prior years, which must be deducted for present purposes. The amount \$5,000 is considered a reasonable yearly allowance for all federal taxes, and will be used.

The claim of \$1,000 for uncollectible bills is justified by past experience of this utility and as it is well below the usual average loss, it will be allowed in full.

The following Table IV sets forth the revenue, expense, and return which should result from 1923 operations under present rates and the conditions which will exist in the future.

TABLE IV.

Estimated Revenue, Expense and Net Return, Midland Counties Public Service Corporation, 1923 Estimate.

Revenue electric operations -----	\$843,000 00
Expense—	
Purchased power -----	368,500 00
Other operating expenses -----	170,000 00
Uncollectible bills -----	1,000 00
Taxes -----	34,775 00
Total expense -----	\$574,275 00
Depreciation -----	52,000 00
	<hr/>
Net for return -----	\$626,275 00
Rate of return on rate base of \$2,351,489 -----	216,725 00
	9.22%

The precedents in previous decisions of this Commission do not support such a return, and inasmuch as the territory of this utility is largely in the development stage, and the oil operations during the year 1923 were curtailed to a very considerable extent due to the flush production of other fields in the state, a return somewhat below 8 per cent is reasonable, thereby effecting a reduction in the present rate of return.

Such a reduction, based upon the study of 1923 operations, is contemplated in the revised schedules which accompany this decision, bearing in mind that reductions will not be fully felt for some months, and that the present modifications in rates will encourage the growth of business.

The present rates of this utility have, in a great many cases, been in effect for over ten years, and many of these rates have been rendered wholly, or partially, obsolete by the subsequent filing of new schedules. The rates are cumbersome and complicated, and result in many charges out of proportion to the service rendered. The company has attempted to meet this condition by granting special rates in many instances.

The new schedules have been drafted with the intention of removing discrimination, and providing simple and flexible rates such as are

now in effect on all other large utilities operating in California. Since discrimination has existed in the past, there must naturally be instances where the new schedules will result in higher cost of service to the consumer. General power consumers will receive a substantial reduction as a class, as will lighting consumers. Agricultural power service is placed upon a yearly basis, and the company is required to own necessary transformers. Such a rate should prove highly satisfactory to the agricultural consumers, permitting irrigation during any month of the year without additional penalties in the form of monthly minimums. Agricultural consumers will receive a reduction as a class, though in many instances the new schedules may cause increases in the cost of service to individual agricultural consumers. Present rates for heating service are as low as 1 cent per kilowatt hour for consumption in excess of 125 kilowatt hours per month which is less than the cost of service. This condition must be corrected if this class of load is to be served in the future without penalty to other consumers. The new heating and cooking rates will partially correct this discrimination and provide a minimum charge, based upon the size of installation. While this will result in a considerable increase to this class of consumers, and particularly to those individuals using large quantities of energy, the new schedules are still as low as any others in the State of California. Special rates for power are eliminated, and those consumers will necessarily take service upon the appropriate schedules. These consumers, as a class, will have a slight raise in the cost of energy under the new rates. Rates for oil field service, which have been among the lowest in the state, are increased one-tenth of a cent per kilowatt hour and a monthly minimum charge, based on connected load, is provided. Adequate street and highway lighting schedules are provided for the first time. These schedules will result in practically the same cost for service as has existed in the past.

I recommend the following form of order :

ORDER.

Midland Counties Public Service Corporation having applied to the Railroad Commission for an order fixing just and reasonable rates, public hearings having been held, and the matter being submitted and now ready for decision, the Railroad Commission hereby finds as a fact that the electric rates of Midland Counties Public Service Corporation are unjust, unreasonable and discriminatory in so far as they differ from the rates hereinafter set forth, which are declared to be just and reasonable rates.

Basing its order on the foregoing findings of fact and on the findings of fact in the opinion preceding this order ;

It is hereby ordered, that:

1. Midland Counties Public Service Corporation charge and collect for electric service now supplied under filed schedules and special contracts the rates set forth in Exhibit "A" attached hereto and made a part hereof, except where service is supplied under conditions to which such rates are not applicable.

Such rates to be filed with this Commission on or before April 1, 1924, and to become effective for metered service with bills based upon regular meter readings taken on and after April 1, 1924, and for flat rate service delivered on and after April 1, 1924.

2. Before the close of each year, beginning with the calendar year 1924, Midland Counties Public Service Corporation credit its reserve for accrued depreciation of electric department property with an annuity calculated in accordance with the principles followed in the opinion preceding this order, and also with interest at the rate of 6 per cent per annum upon the average monthly balance in such reserve during each year.

3. On or before June 1, 1924, Midland Counties Public Service Corporation submit for the approval of the Commission a plan for increasing its reserve for accrued depreciation of electric department capital to conform to the principles followed in the opinion preceding this order.

4. On or before April 1, 1924, Midland Counties Public Service Corporation shall file for the approval of this Commission, a statement of the uniform conditions under which it will purchase transformers now owned by its consumers and used in the delivery to them of electric energy by Midland Counties Public Service Corporation.

5. The effective date of this order shall be April 1, 1924.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this twenty-ninth day of February, 1924.

EXHIBIT "A."

SCHEDULE L-1.

(Canceling Schedules Nos. 1, 2, 3, 4 and 5.)

General Lighting Service.

Applicable to general domestic and commercial lighting service, including household appliances and single-phase motors not exceeding 3 horsepower total capacity.

Territory.

Entire territory served by the company.

Rate.

First	10 k.w.h. or less per meter per month	\$1 00 per month
Next	40 k.w.h. per meter per month	07 per k.w.h.
Next	150 k.w.h. per meter per month	06 per k.w.h.
Next	800 k.w.h. per meter per month	05 per k.w.h.
All over	1,000 k.w.h. per meter per month	04 per k.w.h.

Minimum charge.

When service to consumer requires installation of separate transformer on distribution lines in excess of 5000 volts, a minimum of \$2.50 per month will apply.

SCHEDULE L-2.

(Canceling Schedules Nos. 31, 32 and 33.)

Street and Highway Lighting.

Applicable to service to street, highway and other public outdoor lighting installations, using bracket, mast-arm, or center suspension construction, and supplied from overhead lines where the company owns and maintains the entire equipment.

Territory.

Entire territory served by the company.

Rate.

Incandescent lamps	Monthly charge per lamp all night service	Reduction in monthly charge per lamp for each hour reduction in nightly service
40 watt multiple or 60 c.p. series.....	\$1 40	2 cents
60 watt multiple or 80 c.p. series.....	1 70	3 cents
75 watt multiple or 100 c.p. series.....	2 00	4 cents
100 watt multiple.....	2 50	5 cents
150 watt multiple or 250 c.p. series.....	3 20	7 cents
250 watt multiple or 400 c.p. series.....	4 00	11 cents
300 watt multiple.....	4 40	13 cents
400 watt multiple or 600 c.p. series.....	4 80	17 cents
500 watt multiple.....	5 25	20 cents

†Includes standard prismatic band refractor and holder.

*Includes reflector.

Special Conditions.

(a) All night service is equivalent to 4000 hours per year. When all night service is not desired the rate will be that shown for all night service, modified by the reductions appearing in the last column.

(b) Under the above schedule the company bears the installation, maintenance and operating expenses and provides all necessary lamp renewals.

(c) Where the company is required to furnish lamps with other than its standard equipment an additional charge may be made.

(d) For service to an installation of less than 10 lamps, the charges set forth above will be increased by 10 per cent.

SCHEDULE L-3.**Electrolizer Service.**

Applicable to energy supplied to electrolizer systems, where company owns necessary transformers, and energy is measured at primary voltage.

Territory.

Entire territory served by the company.

Rate.

First	50 k.w.h. per k.w. of lamp capacity per month.....	6 cents per k.w.h.
Next	75 k.w.h. per k.w. of lamp capacity per month.....	3 cents per k.w.h.
All over	125 k.w.h. per k.w. of lamp capacity per month.....	1½ cents per k.w.h.

Minimum charge.

\$36 per year per kilowatt of lamp capacity, but not less than \$10 per month at each point of delivery.

Special Conditions.

This rate covers only electrical energy delivered at one or more central points.

When the company owns all or any part of the electrolizer and underground system, or furnishes maintenance, lamp renewals, or similar service, an extra charge, appropriate to the service rendered, will be made in addition to the charge for energy.

SCHEDULE C-1.

(Canceling Schedules Nos. 19, 20, 34 and 35.)

General Heating and Cooking Service.

Applicable to general domestic and commercial heating, cooking, and/or water heating service.

Territory.

Entire territory served by the company.

Rate.

Heating, Cooking and/or Water Heating Service.

First 150 k.w.h. per meter per month-----	3.3 cents per k.w.h.
All over 150 k.w.h. per meter per month-----	1.3 cents per k.w.h.

Minimum Charge.

Fifty cents per month per kilowatt of connected load, but not less than \$2.50 per month accumulative through the service year.

Special Conditions.

(a) Connected load will be taken as the name plate rating of heating and cooking apparatus permanently installed and which may be connected at any one time computed to the nearest one-tenth of a kilowatt.

SCHEDULE C-2.

(Canceling Schedule No. 34.)

Combination Domestic Service.

Applicable to combination domestic lighting, heating and cooking.

Territory.

Entire territory served by the company.

Rate.

First 30 k.w.h. per meter per month-----	8.0 cents per k.w.h.
Next 150 k.w.h. per meter per month-----	3.5 cents per k.w.h.
All over 180 k.w.h. per meter per month-----	1.3 cents per k.w.h.

Minimum Charge.

Fifty cents per month per kilowatt of connected load, but not less than \$2.50 per month accumulative through the service year.

Special Conditions.

(a) Connected load will be taken as the name plate rating of heating and cooking apparatus permanently installed and which may be connected at any one time calculated to the nearest one-tenth of a kilowatt.

(b) This rate applies only where a domestic consumer permanently installs cooking or heating appliances, other than lamp socket devices, of at least 3 kilowatt capacity.

(c) Single-phase motors of an aggregate capacity of 3 horsepower or less may be served under this schedule only when special condition (b) is satisfied, in which case each horsepower of connected load will be considered equivalent to one kilowatt of heating load.

SCHEDULE P-1.

(Canceling Schedules Nos. 6, 7, 8, 9 and 10.)

General Power Service.

Applicable to general power service supplied at 440 volts or less.

Territory

Entire territory served by the company.

Rate.

Horsepower of connected load	Rate per kilowatt hour for monthly consumption of			
	First 50 k.w.h. per h.p.	Next 50 k.w.h. per h.p.	Next 150 k.w.h. per h.p.	All over 250 k.w.h. per h.p.
2-9 h.p.	4.3 cents	2.2 cents	1.3 cents	0.9 cent
10-24 h.p.	3.8 cents	2.1 cents	1.2 cents	0.9 cent
25-49 h.p.	3.3 cents	2.0 cents	1.1 cents	0.8 cent
50-99 h.p.	2.9 cents	1.9 cents	1.0 cent	0.8 cent
100 h.p. and over	2.6 cents	1.8 cents	0.9 cent	0.7 cent

Minimum Charge.

\$1 per horsepower of connected load per month, but in no case less than \$2 per month.

When the consumer signs a contract for service for a period of one year, the minimum charges will be made accumulative for the service year. The minimum charges are payable in monthly installments until such time as the accumulative energy charges equal the annual minimum charge.

Special Conditions.

(a) The connected load will be taken as the horsepower rating of the equipment used, which may at any one time be connected to the company's line, but in no case less than 2 horsepower.

(b) The above rates and minimum charges may at the option of the consumer be based on the horsepower of measured maximum demand instead of horsepower of connected load, in which case the demand on which the rates and minimum charges will be based, will be not less than 50 per cent of the connected load, and the minimum charge will not be less than \$50 per month.

The maximum demand in any month will be the average horsepower input (746 watts equivalent) indicated or recorded by instruments to be supplied, owned and maintained by the company and at the company's expense, in the fifteen minute interval in which the consumption of electric energy is more than in any other fifteen minute interval in the month or at the option of the company the maximum demand may be determined by test.

In the case of hoists, elevators, welding machines, furnaces and other installations where the energy demand is intermittent or subject to violent fluctuations, the company may base the consumer's maximum demand upon a five minute interval instead of a fifteen minute interval.

(c) This schedule applies to service rendered at 110, 220, or 440 volts, at the option of the consumer. All necessary transformers to maintain such voltage will be supplied and maintained by the company at its expense.

(d) Any consumer may obtain the rates for a larger installation by guaranteeing the rates and minimum charges applicable to the larger installation.

(e) Mercury arc rectifiers may obtain service under this schedule. For the purpose of determining rates and minimum charges each kilowatt of connected capacity will be considered as equivalent to one horsepower.

SCHEDULE P-2.

Intermittent Power Service.

Optional to Schedule P-1 and applicable especially to packing houses, canneries and so forth where the use of power is intermittent or seasonal.

Territory.

Entire territory served by the company.

Rate.

Demand Charge—

First 10 horsepower of connected load----- \$5 00 per horsepower per year
Each additional horsepower----- 2 50 per horsepower per year

Energy Charge—

The energy charges are the rates without the minimum charges as set forth under Schedule P-1.

The total charge is the sum of the demand and energy charges.

Special Condition.

The demand charge is payable in five equal installments during the first five months of each service year.

SCHEDULE P-3.

(Canceling Schedules Nos. 21, 22, 23, 24, 25, 26, 27, 28, 29 and 30.)

Agricultural Power Service.

Applicable to general farm use, including domestic heating service but excluding domestic cooking and lighting service.

Territory.

Entire territory served by the company.

Rate.

Connected load	Energy charge per kilowatt hour				All over 3000 k.w.h.
	Demand charge per h.p. per year	First 1000 k.w.h. per h.p. per year	Next 1000 k.w.h. per h.p. per year	Next 1000 k.w.h. per h.p. per year	
2- 4 h.p. -----	\$7 00	1.7 cents	0.9 cent	0.7 cent	0.6 cent
5-14 h.p. -----	6 00	1.6 cents	0.9 cent	0.7 cent	0.6 cent
15-49 h.p. -----	5 00	1.6 cents	0.9 cent	0.7 cent	0.6 cent
50-99 h.p. -----	4 50	1.5 cents	0.9 cent	0.7 cent	0.6 cent
100 h.p. and over-----	4 00	1.5 cents	0.9 cent	0.7 cent	0.6 cent

The total charge is the sum of the demand and energy charges.

Special Conditions.

(a) Payment—

The demand charge is payable in six equal monthly installments during the months of May to October, inclusive. The energy charge is payable monthly as energy is used.

(b) Service Year—

Under this schedule the service year shall commence with the regular meter reading taken in March and end with the regular meter reading taken in March of the succeeding year.

(c) Charges for service begun or discontinued during the service year.

When the service is first begun or permanently discontinued during the service year the demand charge will be prorated according to the proportion of the six months season from April 1 to September 30, during which service is taken.

Adjustment for permanent increase or decrease in load will be made upon the same basis, considering the old load as discontinuing and the new load as beginning service.

Such adjustment applies only to the permanent discontinuance of service or to the beginning of new service and will not be made when installations shut down only for a few months or for the balance of a season.

(d) *Connected Load.*

The above rates and annual charges will be based on the total horsepower rating of all equipment that may be connected to the line at any one time.

(e) *Guaranteeing rates for larger installations.*

Any consumer may obtain the rates for a larger size installation by guaranteeing the rates applicable to the larger installation.

(f) *Maximum demand.*

The above rates may be based upon the horsepower of measured maximum demand instead of horsepower of connected load, provided that the total connected load of the installation is 20 horsepower or over, in which case the maximum demand will not be taken as less than 75 per cent of the connected load where the installation consists of one motor and 50 per cent where the installation consists of two or more motors, and provided further, that in no case shall the rates and charges be based on the maximum demand unless the maximum demand is at least 10 per cent greater or less than the total connected load.

The maximum demand shall be the greatest average horsepower demand registered during any fifteen minute interval of the service year.

(g) *Voltage.*

This schedule applies to service rendered at 110, 220, or 440 volts, at the option of the consumer. All necessary transformers to obtain such voltage will be supplied and maintained by the company.

SCHEDULE P-4.

(Canceling Schedule No. 11.)

Oil Field Service.

Applicable to all power service supplied to equipment used for pumping oil wells, operating gathering pumps, leased line pumps and dehydrating plants, in connection with the production of oil.

Territory.

Entire territory served.

Rate.

1.5 cents per kilowatt hour.

Minimum Charge.

\$1.25 per horsepower of connected load per month, but not less than \$12.50 per month.

When dehydrators are used the minimum charge for this load together with any additional load will be at the rate of \$1 per kilowatt of maximum demand but not less than \$1 per kilowatt of necessary transformer capacity required.

Special Condition.

(a) Service under this schedule to be supplied at 110, 220, or 440 volts, at the option of the consumer. All necessary transformers to obtain such voltage will be supplied, owned and maintained by the company.

SCHEDULE P-5.

(Canceling Schedule P-5.)

Wholesale Power Service.

Applicable to general power and resale service delivered at a standard voltage of 2200 volts or more.

Territory.

Entire territory served by the company.

Rate.

Service at standard distribution voltage of 2200 volts or more.

Demand Charge—

First	200 kilowatts or less of maximum demand per month—	\$300 00
Next	300 kilowatts of maximum demand per month, per kilowatt—	1 30
	All over 500 kilowatts of maximum demand per month, per kilowatt—	1 15

Energy Charge—

	Per month
First	300 kilowatt hours per k.w. of maximum demand— .9 cent per k.w.h.
	All over 300 kilowatt hours per k.w. of maximum demand— .75 cent per k.w.h.

Special Conditions.

- (a) The total charge is the sum of the demand and energy charges given above.
- (b) Service under this schedule will be supplied by the company at a standard distribution voltage of 2200 volts or more depending upon the distribution voltage obtainable.
- (c) The maximum demand in any month will be the average kilowatt delivery of the fifteen minute interval in which the consumption of electric energy is greater than in any other fifteen minute interval in the month. The maximum demand on which the charges will be based, shall not be less than 60 per cent of the demand occurring during the eleven preceding months.
- (d) Any demand occurring between the hours of 11 p.m. and 6 a.m. of the following day will not be considered in determining the above charges.

SCHEDULE P-6.**Railway Service.**

Applicable to Pacific Coast Railway Company.

Rate.

Two cents per kilowatt hour.

Special Condition.

The above rate applies to service delivered and measured at 2300 volts.

SCHEDULE P-7.**Service to X-Ray or Radio Apparatus.****Territory.**

Applicable to entire territory served by the company.

Rate.

Where X-ray or radio apparatus is separately served, it shall be classed as power equipment and service will be rendered in accordance with the rates for general power service; except that the horsepower minimum provision of any such rate shall be modified as provided below.

At the consumers' option, service to X-ray or radio apparatus may be rendered at the lighting rate, in which case it may be combined (where physically practicable) on the same meter with regular lighting service; provided that the minimum provisions specified below will apply in all cases.

Minimum Charge.

When the company finds it necessary to install any special equipment, other than the customary meter and service, in order to render service to X-ray or radio apparatus, the minimum monthly charge shall be 50 cents per kilowatt of X-ray or radio apparatus capacity or 50 cents per kilowatt of special transformer capacity required to serve same, but in no case less than \$1 per month.

Where service to an X-ray or radio apparatus does not require the installation of any special equipment, no horsepower (or kilowatt) minimum shall apply, and only the meter minimum specified in the rate used, need be considered.

DECISION No. 13228.

IN THE MATTER OF THE APPLICATION OF SOUTHERN PACIFIC COMPANY AND THE WESTERN PACIFIC RAILROAD COMPANY FOR AN ORDER AUTHORIZING THE CONSTRUCTION AT GRADE OF A SPUR TRACK ACROSS SEMINARY AVENUE, SIXTY-SIXTH, SIXTY-EIGHTH, SIXTY-NINTH, SEVENTY-FIRST, SEVENTY-SECOND, SEVENTY-THIRD AVENUES, SNELL STREET AND SEVENTY-SEVENTH AVENUE, IN THE CITY OF OAKLAND, COUNTY OF ALAMEDA, STATE OF CALIFORNIA.

Application No. 9817.

Decided February 29, 1924.

BY THE COMMISSION.

ORDER.

Southern Pacific Company and The Western Pacific Railroad Company, corporations, having on February 25, 1924, filed with the Commission a joint application, under agreement made June 12, 1920, filed in accordance with Decision No. 7218 of Application No. 5213, for permis-

sion to construct a spur track at grade across Seminary avenue, Sixty-sixth, Sixty-eighth, Sixty-ninth, Seventy-first, Seventy-second, Seventy-third avenues, Snell street and Seventy-seventh avenue in the city of Oakland, county of Alameda, State of California, as hereinafter indicated, and it appearing to the Commission that this is not a case in which a public hearing is necessary; that the necessary franchise or permit (Resolution No. 28,453 N. S.) has been granted by the city council of said city of Oakland, for the construction of said crossings at grade, and it further appearing that it is not reasonable nor practicable to avoid grade crossings with said Seminary avenue, Sixty-sixth, Sixty-eighth, Sixty-ninth, Seventy-first, Seventy-second, Seventy-third avenues, Snell street and Seventy-seventh avenue, and that this application should be granted, subject to the conditions hereinafter specified;

It is hereby ordered, that permission be and it is hereby granted Southern Pacific Company and The Western Pacific Railroad Company to construct a spur track at grade across Seminary avenue, Sixty-sixth, Sixty-eighth, Sixty-ninth, Seventy-first, Seventy-second, Seventy-third avenues, Snell street and Seventy-seventh avenue, in the city of Oakland, county of Alameda, State of California. The crossings of said streets are described as follows:

Seminary Avenue.

Beginning at a point in the northwestern line of Seminary avenue in the city of Oakland, county of Alameda, State of California, and distant along said northwestern line of Seminary avenue 18.0 feet southwesterly from the intersection of the northeastern right of way line of The Western Pacific Railroad Company; thence southeasterly parallel to and 15 feet northeasterly from the center line of The Western Pacific Railroad Company's track, a distance of 60.0 feet to a point in the southeastern line of Seminary avenue, and distant thereon 18.0 feet southwesterly from the northeastern right of way line of The Western Pacific Railroad Company.

Sixty-sixth Avenue.

Beginning at a point in the northwestern line of Sixty-sixth avenue in the city of Oakland, county of Alameda, State of California, and distant along said northwestern line of Sixty-sixth avenue 18.0 feet southwesterly from the intersection of the northeastern right of way line of The Western Pacific Railroad Company; thence southeasterly parallel to and 15 feet northeasterly from the center line of The Western Pacific Railroad Company's track a distance of 40.1 feet to a point in the southeastern line of Sixty-sixth avenue and distant thereon 18.0 feet southwesterly from the northeastern right of way line of The Western Pacific Railroad Company.

Sixty-eighth Avenue.

Beginning at a point in the northwestern line of Sixty-eighth avenue in the city of Oakland, county of Alameda, State of California, said point being distant along said northwestern line of Sixty-eighth avenue 79.4 feet southwesterly from the southwestern line of Snell street; thence southeasterly parallel to and 15 feet northeasterly from the center line of The Western Pacific Railroad Company's track, a distance of 60.18 feet to a point in the southeasterly line of Sixty-eighth avenue and distant thereon 74.7 feet southwesterly from the southwestern line of Snell street.

Sixty-ninth Avenue.

Beginning at a point in the northwestern line of Sixty-ninth avenue in the city of Oakland, county of Alameda, State of California, said point being distant along

said northwestern line of Sixty-ninth avenue 58.9 feet southwesterly from the southwestern line of Snell street; thence southeasterly, parallel to and 15 feet northeasterly from the center line of The Western Pacific Railroad Company's track, a distance of 30.09 feet to a point in the southeasterly line of Sixty-ninth avenue and distant thereon 56.5 feet southwesterly from the southwestern line of Snell street.

Seventy-first Avenue.

Beginning at a point in the northwestern line of Seventy-first avenue in the city of Oakland, county of Alameda, State of California, said point being distant along said northwestern line of Seventy-first avenue 40.9 feet southwesterly from the southwestern line of Snell street; thence southeasterly parallel to and 15 feet northeasterly from the center line of The Western Pacific Railroad Company's track, a distance of 60.18 feet to a point in the southeasterly line of Seventy-first avenue, and distant thereon 36.1 feet southwesterly from the southwestern line of Snell street.

Seventy-second Avenue.

Beginning at a point in the northwestern line of Seventy-second avenue in the city of Oakland, county of Alameda, State of California, said point being distant along said northwestern line of Seventy-second avenue 20.5 feet southwesterly from the southwestern line of Snell street; thence southeasterly parallel to and 15 feet northeasterly from the center line of The Western Pacific Railroad Company's track a distance of 30.09 feet to a point in the southeasterly line of Seventy-second avenue and distant thereon 18.1 feet southwesterly from the southwestern line of Snell street.

Seventy-third Avenue.

Beginning at a point in the northwestern line of Seventy-third avenue in the city of Oakland, county of Alameda, State of California, said point being distant along said northwestern line of Seventy-third avenue 2.5 feet southwesterly from the southwestern line of Snell street; thence southeasterly, parallel to, and 15 feet northeasterly from the center line of The Western Pacific Railroad Company's track, a distance of 60.18 feet to a point in the southeasterly line of Seventy-third avenue, and distant thereon 2.2 feet northeasterly from the southwestern line of Snell street.

Snell Street.

Beginning at a point in Snell street in the city of Oakland, County of Alameda, State of California, said point being distant along the southeasterly line of Seventy-third avenue 2.2 feet northeasterly from the southwesterly line of Snell street; thence southeasterly parallel to and 15 feet northeasterly from the center line of The Western Pacific Railroad Company's track, a distance of 737.8 feet more or less, to the northeastern line of Snell street and distant thereon 15.5 feet, more or less, southeasterly from the southeastern line of Seventy-sixth avenue.

Seventy-seventh Avenue.

Beginning at a point in the northwestern line of Seventy-seventh avenue in the city of Oakland, County of Alameda, State of California, said point being distant along said northwestern line of Seventy-seventh avenue 14.5 feet northeasterly from the northeastern line of Snell street; thence southeasterly, parallel to, and 15 feet northeasterly from the center line of The Western Pacific Railroad Company's track, a distance of 50.15 feet to a point in the southeasterly line of Seventy-seventh avenue and distant thereon 18.3 feet northeasterly from the northeastern line of Snell street.

All of the above as shown in red on map (Western Division Drawing M-83, Sheet 3) attached to the application; said crossings to be constructed, subject to the following conditions, viz:

- (1) The entire expense of constructing the crossings, together with the cost of their maintenance thereafter in good and first-class condition, for the safe and convenient use of the public, shall be borne by applicant.

(2) Said crossings of Seminary avenue, Sixty-sixth avenue, Sixty-eighth avenue, Seventy-third avenue, Seventy-seventh avenue and Snell street shall be constructed of a width and type of construction to conform to those portions of said streets now graded, with the top of rails flush with the pavement, and with grades of approach as shown on map accompanying application; shall be protected by suitable crossing signs, and shall in every way be made safe for the passage thereover of vehicles and other road traffic.

(3) Said crossings shall be so constructed that grades of approach not exceeding those shown on map attached to the application will be feasible in the event that the construction of roadway along Sixty-ninth, Seventy-first, Seventy-second, Seventy-fourth, Seventy-fifth and Seventy-sixth avenues shall hereafter be authorized and so that said grade crossings may be made safe for the passage thereover of vehicles and other road traffic.

(4) Applicant shall, within thirty (30) days thereafter notify this Commission, in writing, of the completion of the installation of said crossings.

(5) If said crossings shall not have been installed within one year from the date of this order, the authorization herein granted shall then lapse and become void, unless further time is granted by subsequent order.

(6) This order is made upon the express condition that said Sixty-ninth, Seventy-first, Seventy-second, Seventy-fourth, Seventy-fifth and Seventy-sixth avenues are not now actually constructed and open to travel at the respective points of crossing, and said order shall not be deemed an authorization for the construction of an opening of said streets to public use across said railroad tracks.

(7) The Commission reserves the right to make such further orders relative to the location, construction, operation, maintenance and protection of said crossings as to it may seem right and proper and to revoke its permission if, in its judgment, the public convenience and necessity demand such action.

This order shall become effective three (3) days after the making thereof.

Dated at San Francisco, California, this twenty-ninth day of February, 1924.

DECISION No. 13232.

IN THE MATTER OF THE APPLICATION OF UNITED STAGES, INCORPORATED, FOR CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY TO OPERATE A PASSENGER AUTO STAGE AND EXPRESS PACKAGE SERVICE BETWEEN SANTA MONICA AND LOS ANGELES, VIA PICO BOULEVARD, AND ALL INTERMEDIATE POINTS.

Application No. 8765.

IN THE MATTER OF THE APPLICATION OF PACIFIC ELECTRIC RAILWAY COMPANY, A CORPORATION, FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY TO OPERATE AN AUTOMOBILE STAGE SERVICE BETWEEN THE INTERSECTION OF WEST BOULEVARD AND WEST SIXTEENTH STREET IN THE CITY OF LOS ANGELES AND THE INTERSECTION OF OCEAN AND UTAH AVENUES IN THE CITY OF SANTA MONICA, CALIFORNIA.

Application No. 9391.

IN THE MATTER OF THE APPLICATION OF BAY CITIES TRANSIT COMPANY, A CORPORATION, FOR CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY TO OPERATE A PASSENGER BUS LINE FROM SHERMAN DRIVE, LOS ANGELES, CALIFORNIA, TO FOURTH STREET AND SANTA MONICA BOULEVARD, SANTA MONICA, CALIFORNIA.

Application No. 9404.

IN THE MATTER OF THE APPLICATION OF D. G. HENDERSON FOR CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY TO OPERATE A PASSENGER BUS LINE SERVICE ON PICO STREET BETWEEN MULLEN AVENUE, IN LOS ANGELES CITY (WHICH IS THE WESTERN TERMINUS OF THE LOS ANGELES RAILWAY COMPANY'S PICO STREET CAR LINE) AND MAIN STREET, SANTA MONICA, AND INTERMEDIATE POINTS.

Application No. 9566.

Decided March 1, 1924.

TRANSPORTATION—AUTO BUS—INTERURBAN SERVICE.—Certificate granted to Pacific Electric Railway to operate a motor bus service between the intersection of West boulevard and West Sixteenth street, Los Angeles, and thence along West boulevard to Pico street, and Pico boulevard to Ocean avenue in the city of Santa Monica, then northerly along Ocean avenue, to Utah street, on condition that Pacific Electric Railway Company file with the Commission within 30 days a resolution of its board of directors declaring its intention to serve the territory involved with electric railway service, and agreeing to apply for the necessary franchises to furnish such service, if and when the Railroad Commission shall find that public convenience and necessity require the establishment of such electric railway service in lieu of, or in addition to, the auto bus service here in question.

Warren E. Libby, Herbert W. Kidd and F. W. Thompson, for the United Stages, Incorporated.

Robert E. Abbott, for the Bay Cities Transit Company.

C. W. Cornell, O. A. Smith and H. O. Marler, for the Pacific Electric Railway Company.

Dockweiler, Dockweiler and Finch, for D. G. Henderson.

Westover and Huntsberger, by *Myron Westover; Tanner, Odell and Taft*, by *Harris W. Taft*, and *Mr. George J. Bechtell*, for the Santa Monica-Ocean Park Chamber of Commerce.

Chester L. Coffin, City Attorney, for the City of Santa Monica.

T. A. Woods, for the American Railway Express Company.

R. B. Hill, for the Los Angeles Railway Company.

SHORE, Commissioner.

OPINION.

Each of the above entitled applications is for a certificate of public convenience and necessity authorizing the operation of automotive stage service in Los Angeles County over what is known as Pico boulevard, between Los Angeles and Santa Monica.

Public hearings were held in Los Angeles, December 4, 5, 6, 18, 19 and 20, 1923, evidence introduced, briefs filed and the matters were duly submitted and are ready for decision.

Pacific Electric Railway Company proposes to operate from the terminus of the Pacific Electric Railway line at Vineyard station in Los Angeles via the terminus of the Los Angeles Railway line near West boulevard on Pico street, thence along Pico boulevard to Ocean and Utah avenues in Santa Monica.

Bay Cities Transit Company, in its application, proposes to operate between Sherman drive at or near the terminus of the Los Angeles Railway on Pico street, Los Angeles, over Pico boulevard to Fourth street and Santa Monica boulevard in Santa Monica. This applicant also proposes to give free transfers from the proposed Pico boulevard line to the other lines now operated by it in Santa Monica. It further offered to amend its application to extend its proposed Pico boulevard line beyond Sherman drive to a down-town terminus in Los Angeles at or near Eighth and Hill streets.

United Stages, Incorporated, proposes to operate a through service from a terminus at Eighth and Hill streets or Eighth and Olive streets in Los Angeles, thence along Eighth street and Norton avenue to Pico street and Pico boulevard to Main street, Santa Monica. This applicant not only asks for the right to transport passengers but also express matter. Inasmuch, however, as no evidence was introduced with reference to the necessity for the transportation of express matter, that portion of the application of United Stages, Incorporated, need not be given further consideration.

D. G. Henderson, in his application, proposes to operate between the western terminus of the Los Angeles Railway on Pico street, Los Angeles, over Pico boulevard to Main street, Santa Monica. He later amended his application to cover operation from Eighth and Hill streets in the down-town section of Los Angeles, along Eighth street, Norton avenue, Pico street and Pico boulevard to Main street, Santa Monica.

It was stipulated by counsel for all four applicants that whatever testimony was offered in support of public convenience and necessity for the proposed operation would apply on the general principle to all of the applications. Considerable testimony was then offered by various witnesses, showing the rapid development of the entire district bordering Pico boulevard from Los Angeles to Santa Monica, especially between Preuss avenue and Vineyard and in the area south of Sawtelle. Hundreds of new homes have been erected in this district within the past few years and many people who have purchased property are awaiting the development of transportation facilities before they build their homes. The indication is that this district will become very populous within the next few years. Ample testimony was given to

show that public convenience and necessity require the earliest possible establishment of passenger transportation along Pico boulevard between Los Angeles and Santa Monica.

It is important to note that Pico boulevard is one of the main thoroughfares between Los Angeles and Santa Monica, and that with the expanding of the population of Los Angeles in a westerly direction this boulevard will become one of the most heavily traveled and essential thoroughfares, both for vehicular and for street railway transportation. The evidence in this proceeding tends to show that ultimately public convenience and necessity will require the substitution of rail service for the automotive stage service now proposed on this route. In this connection the Pacific Electric Railway Company offered a stipulation that if and when, through appropriate proceedings of the Railroad Commission, it should be established that public convenience and necessity require the establishment of rail service along Pico boulevard from Vineyard in Los Angeles to Santa Monica (it being understood that the demand of public convenience and necessity at that time would reasonably show that revenues to be derived from such rail service would equal the operating expenses for the same), the Pacific Electric Railway Company would undertake to seek the necessary franchises for such operation and would extend its railway lines to provide for such service.

All four applicants have had experience of some kind in automotive stage transportation. D. G. Henderson has not heretofore owned or directed any regular motor transportation as a public utility under the Commission's regulation. He has, however, owned and operated a large fleet of busses for use in subdivision business, moving picture operations and in sightseeing tours in and around Los Angeles. Bay Cities Transit Company operates a regular stage service along certain routes within Santa Monica and between Santa Monica and Sawtelle. United Stages, Incorporated, has conducted extensive stage operations in southern California, including stage lines operating between Santa Barbara and Los Angeles, Los Angeles and San Diego, San Diego and El Centro, Imperial Valley and Los Angeles, and locally in Imperial Valley. Pacific Electric Railway Company has, in recent proceedings before the Railroad Commission, announced a broad policy for the operation of stage lines as feeders to, in extension of, and as an integral part of its present transportation system. It has already established motor stage operations in various sections of southern California, including an extensive stage service in the city of Los Angeles, where it operates both independently and also in conjunction with the Los Angeles Railway under the name of the Los Angeles Motor Bus Company.

In the matter of carrying through the proposed automotive stage service to the down-town section of Los Angeles, United Stages, Incor-

porated, having provided for it in its original application; D. G. Henderson having provided for it by an amendment to his application and Bay Cities Transit Company having offered to amend its application to provide for it, the evidence tended to show that owing to the exceedingly congested traffic in the central district of Los Angeles, it would be difficult to maintain a regular schedule of motor stage transportation to and from the down-town section of Los Angeles. It was also pointed out that passengers going into the down-town section of Los Angeles by street railway from either the terminus at West Pico boulevard or at Vineyard station could, by transfers to other railway lines within the city of Los Angeles, reach a great number of points in the down-town section that could not be reached by the operation of a motor stage line from Pico boulevard to a terminus at or near Eighth and Hill streets. Mr. F. A. Lorentz, chief engineer of the board of public utilities of the city of Los Angeles, stated in this proceeding that it was not desirable to add to the congestion of vehicular traffic in the down-town section of Los Angeles, and particularly on Eighth street, by the addition of through motor stage service from outside suburban points. On the other hand, a number of witnesses from Santa Monica testified that they would prefer to have through motor stage service from Santa Monica to the down-town section of Los Angeles. Unquestionably a great majority of all passengers who would use the services herein proposed are well acquainted with the local street railway facilities in the city of Los Angeles, and in view of the problems now involved in the congested street traffic in Los Angeles and of the fact that all of the applicants offer to connect with either or both of the termini of the street railway lines on Pico boulevard and at Vineyard station, it does not seem advisable that any of the proposed suburban stage lines should be permitted to operate in the congested district. Accordingly all four applications will be considered solely from the point of view of service from the termini of the electric railway lines and thence over Pico boulevard to Santa Monica.

All four applicants propose to operate motor busses of 25-passenger capacity or larger, these motor busses being of what is known as the street-car type, having a center aisle with double seats on either side of the aisle.

The matter of public convenience and necessity requiring the proposed operation being established, the proposed equipment being approximately the same, the route and termini (leaving out any proposed operation to the down-town section of Los Angeles) being approximately the same, the determination of these applications rests largely upon the questions of proposed rates, time schedules, financial responsibility, availability of equipment and the relation of the proposed service to the present operating lines in Los Angeles and Santa Monica

and to the inevitable requirements of the growing district involved. To this may be added consideration of the character of service that should be expected on the route proposed and in relation thereto the experience and standards of the applicants in their existing operations.

The testimony on behalf of all four applicants indicated that approximately a forty-five-minute headway would be sufficient for present operation but that the operation should be increased to a fifteen-minute service within a period of from six to twelve months and that it would undoubtedly have to be further increased to a ten-minute or five-minute service later.

In the matter of rates, Bay Cities Transit Company proposes to charge a through rate of 25 cents between termini, with a round trip rate of 40 cents and a minimum rate of 5 cents between fare breaks and a graduating scale of rates between various intermediate points. This company also proposes to issue free transfers within 5-cent fare zones between its proposed Pico boulevard line and its local town lines in Santa Monica. The estimate submitted by this applicant with reference to the cost of operation per mile of a 25-passenger street-car type motor bus is lower than approved statistics show it is reasonable to expect, and inasmuch as this applicant has heretofore operated busses not exceeding 18-passenger capacity, it would appear that sufficient consideration has not been given by it to the cost of the proposed operation and that its proposed rates would not be sufficient to establish and maintain a satisfactory and profitable operation.

D. G. Henderson proposes rates materially lower in some instances than any of the other applicants. This applicant proposes a through rate from the terminus of the Los Angeles Railway Company on Pico street to Main street, Santa Monica, of 25 cents, with a minimum rate between fare breaks of from 2 cents to 5 cents, such minimum rate between breaks proposed being: One rate of 2 cents, three of 3 cents, one of 4 cents and two of 5 cents, with rates between other intermediate points ranging proportionately from 2 cents to 25 cents. While this applicant has had considerable experience in the operation of motor busses in connection with various large subdivisions, moving picture operations and sightseeing tours in and around Los Angeles, he has had no experience in the operation of automotive stage service on regular schedules and over regular routes. There was no substantial evidence to show that he could maintain a service profitably at his proposed rates.

United Stages, Incorporated, has engaged extensively in stage operation in southern California for a considerable period of time but has not, up to the present time, operated busses of greater capacity than 18 passengers. This applicant, in presenting its estimate of operating costs in the proposed service, showed that it had given considerable

care to the preparation of its estimate of the probable cost of operations and based its proposed rates upon such estimates. It proposes to charge a rate of 30 cents each way from the terminus of the Los Angeles Railway line on Pico street to Ocean avenue and School street in Santa Monica. It further proposes commutation rates of \$5.80 for school book of forty-five rides; \$6.70 for a family book of thirty rides and \$7.75 for a sixty-ride, forty-day limit book. Its minimum rate between fare breaks is 10 cents with proportionate rates between other intermediate points. It will be readily seen that this applicant's one-way local and through rates are higher than those proposed by either of the two preceding applicants. It proposes, however, a more complete schedule of multiple ride fares.

Pacific Electric Railway Company proposes a somewhat different service from any of the three preceding applicants. Its Los Angeles terminus will be the Vineyard station on the Pacific Electric Railway line, a connection, however, being made on all runs with the terminus of the Los Angeles Railway line on Pico street, from which point the route will be over Pico boulevard to Ocean and Utah avenues in Santa Monica. The rates proposed by this applicant are practically identical with the rates charged by it over parallel electric lines between Los Angeles and Santa Monica, in proportion to the respective mileage.

It proposes to charge 38 cents one way between termini and a minimum of 6 cents between fare breaks. It further proposes a rate of 60 cents for round trips and offers additional multiple rates between termini as follows:

10-ride book	-----	\$2 63
Family book	-----	6 72
School book	-----	5 57
Week-day book	-----	5 80
Monthly book	-----	6 12
60-ride book	-----	7 60

This applicant claims that while its rate for one-way trips between termini is higher than the single rates of any of the other applicants, it applies such additional benefits through its round-trip and other multiple rates that its general schedule of rates is thereby considerably diminished. In this connection it further claims that the great majority of the traffic on the proposed route will be of the nature that will avail itself of the benefits derived from these multiple-trip rates.

All four applicants are of the opinion that the operations in any event would be maintained at a loss for a period of six months to a year. In this connection and also in view of the early prospect of a greatly increased traffic demand on this route, the matter of financial responsibility and ability to provide any necessary additional equipment that may be required to take care of the growing traffic is deemed by the Commission to be of great importance.

Bay Cities Transit Company claims to be operating at a substantial profit in its present operations in Santa Monica and Sawtelle. An analysis of this applicant's financial statement, however, shows that in estimating its profits it has not given due consideration to depreciation. The testimony given by its officers in this proceeding did not show the existence of available funds for the purchase of the equipment that would be required for this operation, but showed that they relied mainly upon the speculative prospect of selling stock to secure the funds for the purchase of said equipment.

United Stages, Incorporated, has been successful in its operations in southern California and by the possible sale of certain securities, or by arranging a loan on same, could probably raise the necessary funds with which to begin the proposed operations. It appears, however, that the growth of the traffic on the proposed route will develop so rapidly from the increasing population in the district surrounding it that this applicant would have to devise some new means of financing the purchase of the equipment that would be required to meet the growing traffic other than relying upon its present resources and the funds that could be made immediately available by the members of this corporation.

D. G. Henderson, both by his own testimony and by the testimony of the cashier of one of the leading banks of Los Angeles, was shown to be in a strong financial position, and with his present resources is capable not only of sustaining any temporary loss in the development of these operations but of providing any necessary additional equipment for years to come.

Applicant Pacific Electric Railway Company, however, appears to be in unquestionably the best condition of these four applicants as regards financial ability and responsibility. It has engaged in the electric transportation business in this region for many years and would undoubtedly be able not only to finance the purchase of needed equipment in the first instance but to meet such future conditions as might develop and stand such incidental losses as may be expected during the period in which the business of this new transportation route is being built up.

As stated above, it seems clear that the territory along Pico boulevard from Los Angeles to Santa Monica will, within a few years, become a thickly settled and populous section. The only rail transportation service now rendered between Los Angeles and the Santa Monica region is that of the Pacific Electric Railway Company, along its Hollywood-Sherman-Beverly Hills line, which parallels Pico boulevard at some distance to the north and west, and along its Vineyard-Culver City-Venice line, which parallels Pico boulevard at some distance to the south and east. An ultimate demand and need for rail transportation along Pico boulevard would therefore appear inevitable. Such service, if and

when commenced, should be closely interrelated to street-car service within the city of Los Angeles. It is, of course, not the primary purpose of these proceedings to investigate this matter of future rail transportation in this region, but the Commission must recognize that in a growing territory of this nature the continuing needs must be considered, and it must further recognize the fact of the great development now going on in this territory, together with the implications which such development involves.

After careful consideration of the proven present need of automobile bus transportation in the territory covered by the above mentioned applications, and of the evidence now before us concerning the financial ability and transportation experience of the various applicants, and of other matters above referred to:

The Railroad Commission hereby finds as a fact that public convenience and necessity require the operation by Pacific Electric Railway Company, a corporation, of an automobile stage service for the transportation of passengers between the intersection of West boulevard and West Sixteenth street in the city of Los Angeles (end of Pacific Electric West Sixteenth street-Vineyard line) and the intersection of Ocean avenue and Utah avenue in the city of Santa Monica, via Pico boulevard, giving through service between said points and local service to intermediate points, including the westerly terminus of the Los Angeles Railway line on Pico street, in accordance with the conditions provided for in the order herein made.

I submit the following form of order:

ORDER.

Public hearings having been held in the above entitled proceedings, evidence introduced, briefs filed, the matters having been submitted and the Commission being fully advised:

The Railroad Commission of the State of California hereby declares that public convenience and necessity require the operation by Pacific Electric Railway Company, a corporation, of an automotive transportation service as a common carrier of passengers, over and along the following route: commencing at the intersection of West boulevard and West Sixteenth street in the city of Los Angeles, thence along West boulevard to Pico street, then in a general westerly direction along Pico street and Pico boulevard to Ocean avenue in the city of Santa Monica, then northerly along Ocean avenue to Utah street; and

It is hereby ordered, that a certificate of public convenience and necessity be and the same hereby is granted to said Pacific Electric Railway Company, subject to the following conditions:

(1) Applicant Pacific Electric Railway Company shall file, within a period not to exceed thirty (30) days from and after the date hereof,

its written acceptance of the certificate herein granted, which written acceptance shall be accompanied by a resolution of the board of directors of said Pacific Electric Railway Company, duly certified by the secretary thereof, in form approved by this Commission, declaring that said Pacific Electric Railway Company does declare its intention to serve the section of territory here in question with electric rail transportation service as a part of its electric rail transportation system as a common carrier within the general region in which this territory is located, if and when public convenience and necessity will be conserved by the undertaking of such service, and agreeing for said company to seek the necessary franchises therefor and thereafter to construct and operate an electric rail service over and along or near Pico boulevard from Los Angeles to some suitable terminus in Santa Monica, at such time as this Commission, in the exercise of its regulatory jurisdiction over said company, shall find, after public hearing and investigation, that traffic conditions and population have so developed along this route that public convenience and necessity require the establishment of electric railway service therethrough in lieu of or in addition to the automobile bus service here in question; and shall also find that the returns from traffic which might then reasonably be expected would reasonably meet the operating costs and a return upon the necessary investment.

(2) Applicant Pacific Electric Railway Company shall file, within a period not to exceed twenty (20) days from the date hereof, in duplicate, tariff of rates identical with the tariff of rates submitted as Exhibit "B" attached to its application herein; and shall file, in duplicate, within a period not to exceed twenty (20) days, time schedules providing for a headway of not to exceed forty-five minutes, leaving Pico street and Windsor boulevard not later than 6 a.m. each morning and continuing to not later than 11 p.m. each evening.

(3) Service under the above certificate to commence within a period of not to exceed forty (40) days from date hereof.

(4) The rights and privileges herein authorized may not be discontinued, sold, leased, transferred nor assigned unless the written consent of the Railroad Commission to such discontinuance, sale, lease, transfer or assignment has first been secured.

(5) No vehicle may be operated by applicant Pacific Electric Railway Company unless such vehicle is owned by it or is leased by it under a contract or agreement on a basis satisfactory to the Railroad Commission.

It is hereby further ordered, that Applications Nos. 8765, 9404 and 9566 be and the same hereby are denied.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this first day of March, 1924.

DECISION No. 13233.

IN THE MATTER OF THE APPLICATION OF THE EAST BAY WATER COMPANY, A CORPORATION, FOR AN ORDER AUTHORIZING THE ISSUE OF BONDS AND STOCK, OR NOTES.

Application No. 9571.

Decided March 1, 1924.

Edwin O. Edgerton and Arthur G. Tasheira, for Applicant.
Leon E. Gray, City Attorney of Oakland, for City of Oakland.

SEAVEY, Commissioner.

FIRST SUPPLEMENTAL OPINION.

The Railroad Commission, by Decision No. 13117, dated February 4, 1924, authorized East Bay Water Company to issue not exceeding \$2,250,000 par value of its unifying and refunding mortgage bonds and not exceeding \$1,162,500 par value of its 6 per cent Class "A" preferred stock, or issue in lieu of such bonds and stock not exceeding \$3,158,000 par value of notes; all for the purpose of acquiring the necessary properties and constructing the Upper San Leandro Project, referred to in this proceeding, provided that none of the bonds, stock or notes be sold and delivered until the Commission, by supplemental order, has defined the terms and conditions under which such bonds and stock, or notes, may be sold.

On February 28th applicant filed with the Commission in the above entitled matter a supplemental petition asking permission to sell at 95½ per cent of their face value and accrued interest \$2,000,000 of Series "C" unifying and refunding mortgage twenty-year 6 per cent bonds, to be dated March 1, 1924, and sell at not less than \$81 per share 8000 shares (\$800,000 par value) of its Class "A" 6 per cent preferred stock, such bonds and stock to constitute a part of the bonds and stock which the Commission authorized to be issued by its decision of February 4, 1924. The testimony shows that applicant has concluded not to sell any of the notes referred to in said decision.

In its supplemental petition, applicant asks permission to use the proceeds obtained from the sale of the bonds and stock to pay, in part, the cost of acquiring the necessary properties and constructing the Upper San Leandro Project. At the hearing, Edwin O. Edgerton, president of the East Bay Water Company, stated that the company may later file with the Commission a supplemental petition in which it may ask permission to use some of the proceeds to finance construction expenditures other than those relating to the Upper San Leandro Project.

It is of record that applicant's board of directors has authorized the construction of the Upper San Leandro Project, the estimated cost of which appears in Decision No. 13117, dated February 4, 1924.

I herewith submit the following form of supplemental order:

FIRST SUPPLEMENTAL ORDER.

East Bay Water Company having applied to the Railroad Commission for permission to sell \$2,000,000 of the bonds and \$800,000 of the stock, the issue of which the Commission authorized by the order in Decision No. 13117, dated February 4, 1924, a public hearing having been held and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for by the sale of such bonds and stock is reasonably required by applicant and that the expenditures herein authorized are not in whole, or in part, reasonably chargeable to operating expenses or to income;

It is hereby ordered, that the order in Decision No. 13117, dated February 4, 1924, be and it is hereby modified so as to permit the East Bay Water Company to sell at not less than 95½ per cent of their face value and accrued interest \$2,000,000 of Series "C" unifying and refunding mortgage twenty-year 6 per cent bonds, to be dated March 1, 1924, and sell at not less than \$81 per share 8000 shares (\$800,000 par value) of Class "A" 6 per cent cumulative preferred stock.

The authority herein granted is subject to further conditions as follows:

1. The proceeds obtained from the sale of the bonds and stock shall be used for the purpose of paying, in part, the cost of acquiring the properties necessary for the Upper San Leandro Project, or paying, in part, the cost of constructing such Upper San Leandro Project described in this proceeding, or for such other purposes as the Railroad Commission may authorize by a supplemental order or orders.

2. Applicant shall keep such record of the issue, sale and delivery of the bonds and stock herein authorized and of the disposition of the proceeds as will enable it to file on or before the twenty-fifth day of each month a verified report, as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

3. The authority herein granted will become effective when applicant has paid the fee prescribed by section 57 of the Public Utilities Act, which fee is \$1,500. No bonds or stock under the authority herein granted may be sold or delivered after October 1, 1924.

It is hereby further ordered, that the order in Decision No. 13117, dated February 4, 1924, shall remain in full force and effect except as modified by this first supplemental order.

The foregoing first supplemental opinion and first supplemental order are hereby approved and ordered filed as the first supplemental opinion and first supplemental order of the Railroad Commission.

Dated at San Francisco, California, this first day of March, 1924.

DECISION No. 13235.

IN THE MATTER OF THE APPLICATION OF PACIFIC ELECTRIC RAILWAY COMPANY, A CORPORATION, FOR AUTHORITY TO DISCONTINUE SERVICE AND CANCEL FARES ON ITS LAUREL CANYON LINE ON SUNSET BOULEVARD, FROM GARDNER JUNCTION TO THE TERMINUS OF THE LINE.

Application No. 9753.

Decided March 4, 1924.

Frank Karr, for Applicant.

Carl Busch, for Hollywood Chamber of Commerce.

J. W. Walters, for Mr. Lorentz, Chief Engineer, Board of Public Utilities, City of Los Angeles.

SHORE, Commissioner.

OPINION.

Pacific Electric Railway Company, a corporation, has petitioned the Railroad Commission for an order authorizing the abandonment of its passenger service on its Laurel Canyon line in Sunset boulevard from the station of Gardner Junction to the end of the line and for authority to discontinue fares covering certain forty-ride school and sixty-ride commutation tickets between Los Angeles and the portion of the line on which suspension of passenger service is sought.

A public hearing was held in Los Angeles on February 18, 1924, at which time the matter was duly submitted.

The portion of the line over which service is proposed to be suspended is .9 of a mile in length. Motor bus service paralleling the rail service is given on Sunset boulevard by the Los Angeles Motor Bus Company to the end of the line and applicant has been requested by the board of public utilities of the city of Los Angeles to discontinue the operation of the rail service. The present schedule of service on the rail line between Gardner Junction and the end of the Laurel Canyon line is a fifteen-minute headway with a seven and one-half-minute headway during the morning and evening peak hours. The bus service operated by the Los Angeles Motor Bus Company is operated on a ten-minute headway and with a five-minute headway during the morning and evening peaks.

Statements filed as exhibits show the following results of traffic checks for the period shown:

Dec. 23, 1923, to Jan. 7, 1924

Passengers carried on car between Gardner Junction and end of line	11,598
Average passengers per day	724.8
Average passengers per day in each direction	362.4
Average passengers per trip in each direction	3.2

It is apparent that the limited patronage of the rail line does not justify its continuance when a duplication of service is rendered by a bus line over the same route and on a more frequent schedule, both at rush hours and throughout the balance of the day. The fare on the bus line is 6 cents from the end of the line to and including the Hollywood district and 10 cents to the down-town district of Los Angeles. Through service is also available without change on the bus line as against the change of cars required at Gardner Junction by the use of the rail line.

There was no protest to the granting of the application, it appearing that the representatives of the community served are in favor of the substituted bus service in that through service to the business portion of Los Angeles is thereby available and that with the frequency of service scheduled by the bus line the through service will be more attractive than the former through rail service which was discontinued some years ago. The cancellation of the school fares and commutation rates will not be objectionable as the bus line will transport children to the Hollywood high and Le Conte junior high schools in a more satisfactory manner, the route of the bus line being nearer to such schools than that of the rail line.

In view of the record in this proceeding, I am of the opinion that the application should be granted in accordance with the following suggested order:

ORDER.

A public hearing having been held in the above entitled proceeding, the matter having been duly submitted and the Commission being now fully advised;

It is hereby ordered, that applicant, Pacific Electric Railway Company, be and the same hereby is authorized to suspend, until the further order of this Commission, operation of its passenger service on the Laurel Canyon line of its Western Division between the station of Gardner Junction and along Sunset boulevard to the terminus of the line; and

It is hereby further ordered, that applicant, Pacific Electric Railway Company, be and the same hereby is authorized to cancel upon one day's notice by publication at stations affected, and filing with this Commission its school rates and commutation fares now applicable on the portion of the line upon which suspension of passenger service is herein authorized and between such portion of the line and the inner fare zone in the city of Los Angeles.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this fourth day of March, 1924.

DECISION No. 13236.

IN THE MATTER OF THE APPLICATION OF PACIFIC ELECTRIC RAILWAY COMPANY, FOR CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY TO OPERATE AN AUTOMOBILE STAGE SERVICE BETWEEN PASADENA AND SHORB, AS A SUBSTITUTE FOR THE ELECTRIC RAILWAY SERVICE NOW BEING GIVEN BETWEEN SAID TERMINI.

Application No. 9695.

Decided March 4, 1924.

Frank Karr, for Applicant.

SHORE, *Commissioner*.

OPINION.

Pacific Electric Railway Company, a corporation, has petitioned the Railroad Commission for an order declaring that public convenience and necessity require the operation of an automobile stage service as a common carrier of passengers and baggage between Pasadena and Shorb and for the discontinuance of the passenger train service now operated by said applicant between such points.

A public hearing on this application was held at Los Angeles on February 18, 1924, at which time the matter was regularly submitted.

The passenger train service of applicant between Pasadena and Shorb is operated to furnish a connecting service for passengers originating at or destined to Pasadena who use the main line of the Southern Pacific Company and transfer to or from the cars of the applicant at Shorb. The volume of this traffic, as shown by exhibits filed at the hearing, is as follows:

	Calendar year 1923	January, 1924
Total passengers carried-----	28,901	2,635
Average passengers carried per day-----	79.2	85
Average passengers carried per trip-----	6.6	7

It is proposed to substitute motor bus service for the passenger rail service heretofore given, on the basis that there will be an economy effected in the cost of operation; that a more direct service will be given in a shorter time than is required by rail; that the baggage of passengers will in future be transported on the same vehicle instead of following on a later car as at present.

There was no protest against the granting of the application although due notice of the hearing had been given by proper advertisement and posting of notice of hearing in all cars operated on the line on which service is proposed to be discontinued and at terminal stations of Pasadena and Shorb.

I am of the opinion that the application should be granted and recommend the following form of order:

ORDER.

A public hearing having been held in the above entitled proceeding, the matter having been duly submitted and the Commission being now fully advised:

The Railroad Commission hereby declares that public convenience and necessity require the operation by Pacific Electric Railway Company, a corporation, of an automobile stage service as a common carrier of passengers and baggage between Pasadena and the Southern Pacific Station of Shorb over the following route:

Commencing at the Southern Pacific-Pacific Electric station (Broadway and East Colorado street, Pasadena), thence along Broadway to Green street, thence along Green street to Raymond avenue, thence along Raymond avenue to Glenarms street, thence along Glenarms street to south Fair Oaks avenue, thence along South Fair Oaks avenue to Spruce street, thence along Spruce street to Marengo avenue, thence along Marengo avenue to Palm avenue, thence along Palm avenue to Shorb (Southern Pacific station).

It is hereby ordered, that a certificate of public convenience and necessity be and the same hereby is granted to applicant herein for the operation of an automobile stage line as a common carrier of passengers and baggage over the hereinabove described route, subject to the following conditions:

1. Applicant herein shall file with the Railroad Commission within ten (10) days from the date of this order its written acceptance of the terms and conditions of this order, such acceptance to state the date on which operation will be commenced, such date to be not more than forty-five (45) days from the date of this order unless extended by supplemental order of this Commission.

2. Applicant is hereby required to file with the Railroad Commission, in duplicate, its tariff of rates, rules and regulations, and time sched-

ules, such filing to be in accordance with the provisions of General Order No. 51 and other regulations of this Commission.

3. The rights and privileges herein authorized may not be sold, leased, transferred, assigned or hypothecated unless such sale, lease, transfer, assignment or hypothecation has first received the written approval of the Railroad Commission.

4. No vehicle may be operated under the authority hereby granted unless such vehicle is owned by the applicant herein or is leased by such applicant under a contract or agreement, on a basis satisfactory to the Railroad Commission.

It is hereby further ordered, that applicant herein be and the same hereby is authorized to discontinue the operation of passenger service by its rail line between Pasadena and Shorb, such discontinuance to be effective when regular automobile stage service will have been commenced under and in accordance with the provisions and conditions of this order.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this fourth day of March, 1924.

DECISION No. 13237.

IN THE MATTER OF THE APPLICATION OF THE CITY OF RICHMOND, A MUNICIPAL CORPORATION, FOR AN ORDER PERMITTING THE EAST BAY WATER COMPANY TO LAY MAINS IN TERRITORY OF THE PULLMAN WATER COMPANY.

Application No. 9508.

Decided March 4, 1924.

SERVICE—WATER UTILITY—MONOPOLY NOT PERMITTED WHERE INADEQUATE.—East Bay Water Company is permitted, upon application of the city of Richmond, to lay mains and to install fire hydrants for public purposes and domestic consumption in territory of the Pullman Water Company in the city of Richmond, the service of the latter company being found inadequate. The Commission holds that where a utility does not and can not furnish proper service, the Commission will not permit a monopoly of the streets to the discomfort or injury of the public.

REMUNERATION ORDERED.—East Bay Water Company is directed to purchase at the present fair value from Pullman Water Company the mains, services and meters displaced by former company, or such part of said equipment as Pullman Water Company may desire to sell.

D. J. Hall, for City of Richmond.

McKee, Tashcira and Wahrhaftig, by *Matt. Wahrhaftig*, for East Bay Water Company.

C. D. Horner, for Pullman Water Company.

WHITTLESEY, Commissioner.

OPINION.

The application in this proceeding is filed by the city of Richmond, a municipal corporation, and alleges in effect that the East Bay Water

Company and the Pullman Water Company are both public utilities serving water in certain contiguous territory within the corporate limits of the city of Richmond, in Contra Costa County; that the Pullman Water Company, owned and operated by Fred Meyers, is unable to furnish water in sufficient quantity or at the necessary pressure for fire protection purposes; and that a large number of the consumers who receive water from the Meyers system and who live in the vicinity of Barrett avenue and also those living near South and Wall streets, are desirous of having fire hydrants installed and mains of sufficient size laid to provide water for fire protection. The application further alleges that the East Bay Water Company is able and willing to install the necessary mains and fire hydrants to serve the two sections above, provided, however, it is also permitted to serve water for domestic and other purposes to any consumers desiring such service from the proposed mains. The Commission is therefore asked to grant authority to the East Bay Water Company to install the two mains as indicated above, and supply water for both fire protection and domestic purposes in the territory now served with domestic water only by the Pullman Water Company.

A public hearing in this matter was held at Richmond after all interested parties had been duly notified and given an opportunity to appear and be heard.

The water supply of the Pullman Water Company is obtained entirely by pumping from wells. The limited storage facilities provided for the territory involved herein consist of three wooden tanks of low elevation having a combined capacity of 35,000 gallons. The distribution mains contain a large amount of two-inch and smaller sized pipe extending over wide and scattered service areas which are sparsely settled. Such conditions make it economically unfeasible so to improve this system as to provide a reasonably adequate service for fire protection purposes. On the other hand the mains of the East Bay Water Company completely surround the territory served by the Pullman Water Company, and carry a normal working pressure varying from 50 to 75 pounds per square inch, and are capable of supplying water in sufficient volume for fire service.

Unquestionably the citizens of the city of Richmond residing in the territory supplied with water by the Meyers system are very urgently in need of and are rightfully entitled to adequate and necessary protection of their homes and property from the ravages of fire. It is equally clear that such service can not be economically rendered by the Pullman Water Company, which, according to the evidence, offers no objections to the proposed extensions provided their use is confined strictly to the serving of water for fire protection purposes only.

The arrangements under which the East Bay Water Company has agreed to install the mains requested above, among other things, provide that for the fire protection service to be rendered the city of Richmond shall pay annually an amount equal to 8 per cent of the actual cost of installation, less such amounts, if any, as may be received as revenues from those mains for domestic or other water service.

Adequate water service from the standpoint of both the community and the consumers includes domestic and fire uses and if both are not adequate, the community may reasonably request additional service. This Commission has properly protected a utility from competition by preventing invasion of its territory by another company but only when that utility can and does adequately serve the community. Where, as in this case, it does not and can not furnish proper service, this Commission will not permit a monopoly of the streets, to the discomfort or injury of the public. Therefore, the East Bay Water Company will be permitted to enter the territory now served by the Pullman Water Company, to the extent set out in the accompanying order, so that the public needs may be adequately served.

ORDER.

The city of Richmond, a municipal corporation, having made application as entitled above; a public hearing having been held thereon and the Commission being now fully informed in the matter:

It is hereby found as a fact that public convenience and necessity require and will require in the territory now served with domestic water by the Pullman Water Company the installation by the East Bay Water Company of such mains and hydrants as are more particularly described in the application herein, for the purpose of delivering water for public purposes and domestic consumption.

And basing its order upon the foregoing finding of fact and upon the statements of fact contained in the opinion which precedes this order;

It is hereby ordered, by the Railroad Commission of the State of California, that the East Bay Water Company be and it is hereby authorized to install, in the territory now served with domestic water by the Pullman Water Company in the city of Richmond, Contra Costa County, for public purposes and domestic consumption, the mains and hydrants more particularly described in the application herein, provided the East Bay Water Company purchase, at the present fair value, from the Pullman Water Company, the mains, services and meters displaced by the former company, or such part of said equipment as the Pullman Water Company may desire to sell.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this fourth day of March, 1924.

DECISION No. 13247.

B. P. McCONNAHA, DOING BUSINESS UNDER THE NAME AND STYLE
OF McCONNAHA'S OFFICIAL AUTO SERVICE,

vs.

G. F. WILLHITE.

Case No. 1952.

Decided March 4, 1924.

Mahan and Mahan, by *L. E. Mahan*, for Complainant.
J. Logan Beamer and *S. E. Metzler*, for Defendant.

By THE COMMISSION.

OPINION.

B. P. McConnaha, complainant in this proceeding, alleges in substance and effect:

That said defendant, G. F. Willhite, is now and has been for some time prior to the filing of said complaint operating, unlawfully and without authority from this Commission, an automobile and auto truck for the transportation of persons and property for compensation between the city of Eureka and Orleans, in Humboldt County, over the public highway leading from said Eureka to said Orleans.

Said complainant is operating, under the fictitious name of McConnaha's Official Auto Service, auto stages and trucks for the transportation of persons and property between Eureka and Orleans and intermediate points and has filed tariffs and time schedules with the Railroad Commission of the State of California in accordance with the law. The operative rights of B. P. McConnaha were established by virtue of the fact that he was operating prior to the first day of May, 1917, and has ever since continued in good faith to so operate.

G. F. Willhite, the above named defendant, in answer to said complaint, denies all the material allegations contained in said complaint and further alleges that he is operating a duly licensed taxicab service between said town of Orleans and said city of Eureka and other places and that this Commission has no jurisdiction to enjoin or restrain the said defendant from engaging in such transportation business.

A public hearing in the above entitled matter was conducted by Examiner Satterwhite at Eureka on November 27, 1923.

Complainant and defendant each testified in his own behalf and called several witnesses during the course of the proceedings.

The testimony shows that the defendant has for about two years last past been conducting a taxicab service and a gasoline service station at Orleans, where he resides. He has solicited the hauling of passengers for hire anywhere in and out of the town of Orleans and particularly between Orleans and Eureka and other communities such as Requa, Del

Norte, Happy Camp and Yreka. The record shows without contradiction that at least 75 per cent of the passengers carried by the said defendant have been transported between Orleans and Eureka and intermediate points, and that 50 per cent of this business is solely between Orleans and Eureka. Defendant makes his headquarters in Eureka at the Grand Hotel and through active solicitation there and elsewhere secures considerable patronage from persons who have occasion to travel from and to Eureka, which is the county seat of Humboldt County. Arrangements are such between the defendant and the proprietor of the Grand Hotel that applications are made either direct or by telephone call for seat reservations for transportation to Orleans and intermediate points or elsewhere. Although the defendant testified that he operates a "for rent" service car between Eureka and Orleans or elsewhere and holds himself out to go anywhere and at any time, provided satisfactory arrangements can be made with his prospective patrons, the evidence shows (including said defendant's own admission) that it has been his practice for many months prior to the commencement of these proceedings, to carry two or three or more passengers in his five or seven-passenger car and collect from each of them, under a separate and individual arrangement, \$5 apiece or more for passage to Orleans or intermediate points over the public highway by way of Arcata and Trinidad.

The record shows that the defendant has made, during the period above mentioned, at least two and often three trips weekly between Orleans and Eureka, carrying two or three or more passengers and collecting individual fares from each. It appears that no definite time table was followed but it was the common practice for defendant to leave Orleans if possible at about 6 a.m., about an hour ahead of the regular time schedule of said complainant, B. P. McConnaha, and leave Eureka about 7 a.m. or later in the forenoon, the leaving time being often determined by the number of patrons seeking transportation.

This Commission, in a recent case wherein a similar charge of alleged unlawful operation was being considered, said in part, in its Decision No. 11296 in Case No. 1781:

Cars rented on a "for hire" basis should be rented by the trip, irrespective of the number of passengers transported, and the holding out by the operator should be on the basis of an individual transaction with the party hiring the car, otherwise such operation conducted with a degree of regularity sufficient to warrant the car's being classified as "used in the business of transporting persons or property for compensation," as referred to in the statutory enactment, would subject the operator, in the opinion of the Commission, to the penalties prescribed in section 8 of the enactment upon complaint and conviction before the proper tribunal.

After a careful consideration of all the evidence, we are of the opinion and hereby find as a fact that G. F. Willhite is unlawfully and without authority of this Commission operating a motor stage service as a com-

mon carrier of passengers between Orleans and Eureka and intermediate points.

The said complainant offered little or no evidence in support of his allegations that said defendant was operating unlawfully auto trucks for the transportation of property for compensation between the city of Eureka and Orleans, and as to such portion of the complaint, the matter will be dismissed.

ORDER.

A public hearing having been held in the above named proceeding, the matter being submitted and the Commission now being fully advised in the premises:

The Railroad Commission hereby finds as a fact that G. F. Willhite, the defendant herein, is operating an auto stage as a transportation company as defined by chapter 213, Statutes of 1917, as amended, as a common carrier for the transportation of persons for compensation over the highways of this state between Orleans and Eureka and intermediate points; that such operations were commenced by defendant subsequent to May 1, 1917, and that no certificate has ever been granted by this Commission declaring that public convenience and necessity require such operations by said defendant; and basing its order upon the foregoing findings of fact and the further findings and statements of fact contained in the opinion which precedes this order;

It is hereby ordered, that G. F. Willhite, defendant herein, be and he is hereby ordered and directed to cease and discontinue forthwith said operation of an auto stage as a common carrier of passengers for compensation over the highways of this state between Orleans and Eureka and intermediate points.

It is further ordered, that the Secretary of this Commission cause to be delivered to the district attorney of Humboldt County a certified copy of this order, together with a request that he institute and prosecute appropriate proceedings for the enforcement of the provisions of this order.

It is further ordered, that the said complaint be and it is hereby dismissed in respect to other matters contained therein relating to the unlawful operation of auto trucks for the transportation of property.

Dated at San Francisco, California, this fourth day of March, 1924.

DECISION No. 13248.

IN THE MATTER OF APPLICATION OF SOUTHERN PACIFIC COMPANY FOR AN ORDER AUTHORIZING THE CONSTRUCTION AT GRADE OF SPUR TRACK CROSSING SIXTEENTH STREET, A STREET AND ALLEY BOUNDED BY A AND NORTH B STREETS, AND FOURTEENTH AND FIFTEENTH STREETS, AND SPUR TRACKS ACROSS NORTH B STREET, IN THE CITY AND COUNTY OF SACRAMENTO, ALSO CROSSING COUNTY HIGHWAY KNOWN AS SIXTEENTH STREET ROAD, IN THE COUNTY OF SACRAMENTO, STATE OF CALIFORNIA.

Application No. 9615.

Decided March 4, 1924.

F. W. Mielke and Wm. H. Devlin, for Applicant.

H. C. Bottorff and R. L. Shinn, for City of Sacramento.

Chas. Deterding, County Engineer, for County Highway Department.

Carl A. Lamus, John Clauss, Jr., and Irvin Engler, for Sacramento Chamber of Commerce.

E. J. Bradley, for Sacramento Pipe Works.

Jay Wheeler, Mrs. Anna Gaskill and J. W. Gross, for Sixteenth Street Improvement Club.

MARTIN, *Commissioner.*

OPINION.

In this application Southern Pacific Company asks permission to construct certain crossings at grade incident to the construction of three drill tracks in the area north of B street and lying between Thirteenth street and Eighteenth street in the city of Sacramento. Of these crossings, one is at grade over Sixteenth street. In addition there is also one crossing proposed at grade over Sixteenth street in the unincorporated territory of Sacramento County a short distance north of the northerly city limit line of the city of Sacramento.

A public hearing was held on this application on February 4, 1924, in the city of Sacramento.

The proposed drill tracks are for the purpose of giving industrial track service to a portion of the area lying north of the B street levee. This area has been designated as a heavy industrial district by ordinance of the city of Sacramento. In order to develop this section for that purpose, applicant contemplates the construction of a system of drill tracks from which industrial spur tracks can be constructed. Applicant's engineer testified that the entire area lying between North B street and the American River could be reasonably expected ultimately to be developed into industrial territory and that the section to be served by the tracks proposed in this application, was the most readily available space suitable for immediate industrial development at Sacramento. If adequate railroad service is provided, it was stated that an intense industrial development could be expected.

The plan presented in this application is to connect a main drill track with the present Twelfth street yard at a point immediately east of the

existing Twelfth street subway and to extend this drill track in a north-easterly and northerly direction across A street, North B street and certain intervening alleys. From this main drill track it is proposed to take two other drill tracks. One of these, designated as spur No. 1, would be located immediately south of and parallel to A street and would cross Fifteenth, Sixteenth and Seventeenth streets. The other drill track, designated as spur No. 2, would cross North B street and run in an easterly direction north of and parallel to North B street across Sixteenth street. All of these proposed crossings except the one last mentioned, are in the city of Sacramento. Applicant has secured from the city of Sacramento and the county of Sacramento, respectively, the necessary permits for the installation of all of these proposed grade crossings. None of the streets or alleys crossed are at present improved or open to public travel except Sixteenth street.

Twelfth street and Sixteenth street are two of the most important traffic arteries leading north from the city of Sacramento, each connecting with the state highway route, known as the Auburn boulevard. Twelfth street passes through a subway under the main line tracks of Southern Pacific Company at B street, and there is now under construction a subway which will carry Sixteenth street under these B street tracks. It is expected that the Sixteenth street subway, together with the pavement between B street and the Auburn boulevard will be completed and opened to travel in April of this year. Thereafter, it is estimated that more than one-half of the traffic now moving via Twelfth street will be diverted to Sixteenth street and the evidence indicates that this traffic is very heavy and is rapidly increasing. A count taken on the Auburn boulevard near the southerly end of the American River bridge in the fall of 1920, shows an average daily movement of 3822 vehicles and a similar count made at the same point in the fall of 1922 shows an average daily traffic of 5894 vehicles or an increase of approximately 54 per cent in two years.

The construction of the track designated as spur No. 1, as contemplated by applicant across Sixteenth, would be a short distance north of the end of the bow levee installed for the protection of the Sixteenth street subway and this levee would to a certain extent obstruct the view of this crossing. Although at present there are no other serious obstructions to view in this vicinity it must be anticipated that with the industrial development of the adjacent territory, further obstructions to view will be inevitable.

The engineering department of the Commission made an investigation and prepared a report on this application. This report, which was introduced in evidence at the hearing, proposed an alternative plan for giving industrial track service to the territory between Sixteenth and Eighteenth streets and north of B street without the construction

of any track at grade across Sixteenth street. This plan contemplated the construction of a drill track connecting with the existing B street tracks of applicant immediately east of Sixteenth street and leading northeasterly into Seventeenth street. The Commission's engineer estimated that the cost of constructing such a track would be approximately \$7,400 more than the cost of constructing the tracks east of Sixteenth street in accordance with the plan proposed in this application. The reasonableness of this estimate was not disputed.

Applicant objected to the plan proposed by the Commission's engineer on the ground that it would be inconvenient to operate such a drill track connected to the B street tracks with a switch leading from the west. It was pointed out, however, that the plan would be just as effective and could be carried out for approximately the same cost by connecting this drill track to the B street tracks by a switch leading from the east. Applicant's engineer also pointed out that the construction of such a track with a 2 per cent grade from the B street levee would cross "A" street some six feet above its official grade. It appears, however, that inasmuch as A street has not yet been physically improved and opened to traffic, the disadvantage of raising its official grade six feet at the intersection with Seventeenth street would not be nearly as objectionable as the hazard and inconvenience of having two tracks constructed at grade across such an important highway as Sixteenth street.

The construction of a grade crossing over an artery having the traffic importance of Sixteenth street is a serious matter and such a crossing should not be permitted if there is any other reasonable method of rendering adequate transportation service to the adjacent property. In the present instance, under the plan proposed by the Commission's engineer, it appears that this service can be rendered at an additional cost of approximately \$7,400 in a manner that will not only eliminate the necessity of the two grade crossings of Sixteenth street applied for in this proceeding, but also such other grade crossings of Sixteenth street as may reasonably be required by the future development of the adjacent property, under the plan presented by applicant. It is apparent, however, that the plan of the engineering department of the Commission will require the use of a substantial amount of additional land owned by applicant, and it is only fair to consider the value of this land as a part of the cost of the plan. No testimony was introduced as to the value of this land, but admitting that its value would be substantial, it is concluded that the total additional cost of this plan would be amply justified in order to eliminate not only the two grade crossings now requested over Sixteenth street but also the probable future necessity of additional crossings if the plan proposed by applicant were authorized.

The plan contemplated in this application for track development west of Sixteenth street does not appear to be particularly objectionable and the application, in so far as it pertains to those tracks located west of Sixteenth street, should be granted. But that portion of the application which asks permission for the construction of crossings at grade over Sixteenth street should be denied.

The following form of order is recommended:

ORDER.

Southern Pacific Company having filed an application in the above entitled matter for the construction of certain grade crossings, a public hearing having been held, the Commission being apprised of the facts, the matter being under submission and ready for decision;

It is hereby ordered, that permission be and it is hereby granted Southern Pacific Company to construct its tracks at grade across certain streets and alleys, described as follows:

1. Commencing at a point in the center line of proposed track, said point being on the south line of A street, 632.36 feet westerly from the west side of Sixteenth street, said distance being measured along the southerly side of A street; thence northerly along center line of proposed track on a curve concave to the left (with curve radius of 286.84 feet) across A street on arc distance of 95.58 feet to a point on the northerly line of A street, 580.6 feet westerly from the west line of Sixteenth street, measured along the northerly line of A street, said described center line of proposed track forming the westerly leg of switch, with switch points 10 feet northerly from the south line of A street and switch frog ten (10) feet southerly from the north line of A street, and,

2. Commencing at a point on center line of proposed track, said point being on the south line of alley in block bounded by Fourteenth and Fifteenth streets, A and North B streets, said point is also 555.05 feet westerly from the west line of Sixteenth street, said distance being measured along the south line of said alley; thence northerly along center line of proposed track across alley a distance of 20 feet to a point on the northerly line of said alley, 555.05 feet westerly from the west line of Sixteenth street, measured along the north line of said alley, and,

3. Commencing at a point on the center line of proposed track (3), said point being on the south line of North B street, 555.05 feet westerly from the west line of Sixteenth street, said distance being measured along the south line of North B street; thence northerly along center line of proposed track, a distance of 80 feet across North B street, to a point on the north line of North B street, 555.05

feet westerly from the west line of Sixteenth street, measured along the north line of North B street, and,

4. Commencing at a point on the center line of proposed track (4), said point being on the south line of North B street, 547.96 feet westerly from the west line of Sixteenth street, said distance being measured along the south line of North B street; thence north-easterly along center line of proposed track on a curve concave to the right (with curve radius 286.84 feet) across North B street an arc distance of 84.56 feet to a point on the northerly line of North B street, 521.16 feet westerly from the west line of Sixteenth street, measured along the north line of North B street.

All of the above as shown on the map (Sacramento Division Drawing U 695a), attached to the application, subject to the following conditions:

(1) The entire expense of constructing the crossings, together with the cost of their maintenance thereafter in good and first-class condition shall be borne by applicant.

(2) Said crossings shall be so constructed that grades of approach not exceeding two (2) per cent will be feasible in the event that the construction of roadway along all of said streets and alleys shall hereafter be authorized and so that said grade crossings may be made safe for the passage thereover of vehicles and other road traffic.

(3) Applicant shall, within thirty (30) days thereafter, notify this Commission, in writing, of the completion of the installation of said crossings.

(4) If said crossings shall not have been installed within one year from the date of this order the authorization herein granted shall then lapse and become void, unless further time is granted by subsequent order.

(5) This order is made upon the express condition that all of said streets and alleys are not now actually constructed and open to travel at the respective points of crossing, and said order shall not be deemed an authorization for the construction of an opening of said streets and alleys to public use across said railroad tracks.

(6) The Commission reserves the right to make such further orders relative to the location, construction, operation, maintenance and protection of said crossings as to it may seem right and proper and to revoke its permission if, in its judgment, the public convenience and necessity demand such action.

It is hereby further ordered, that that portion of the above entitled application asking permission to construct a drill track at grade across Sixteenth street in the city of Sacramento and a drill track at grade across Sixteenth street in the county of Sacramento be and it is hereby denied.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this fourth day of March, 1924.

DECISION No. 13249.

IN THE MATTER OF THE APPLICATION OF THE SOUTHWEST STORAGE COMPANY, INCORPORATED, A CORPORATION, FOR AN ORDER AUTHORIZING THE ISSUANCE AND SALE OF CORPORATE STOCK AND THE OPERATION OF A WAREHOUSE AS A PUBLIC UTILITY AND THE ENCUMBRANCE OF ITS REAL PROPERTY.

Application No. 9708.

Decided March 7, 1924.

Merriam, Rinchart and Merriam, by Ralph T. Merriam, for Applicant.

BY THE COMMISSION.

OPINION.

In this application, as amended, the Railroad Commission is asked to make an order authorizing The Southwest Storage Company, Incorporated, to operate as a public utility warehouse, to issue \$30,000 of stock for the purpose of acquiring properties and of paying organization and other expenses, and to execute a deed of trust and to issue its promissory note in the face amount of \$6,000 for the purpose of paying in part the cost of constructing a warehouse building.

A public hearing in this matter was held before Examiner Williams in Los Angeles.

The record shows that The Southwest Storage Company, Incorporated, was organized on or about November 30, 1923, for the purpose, among others, of operating a general storage and warehouse business in the city of San Bernardino. The company was incorporated with a capital stock of \$30,000, divided into 300 shares of the par value of \$100 each, all shares being common. It is proposed at this time to issue and deliver \$19,200 of stock in payment of properties and services and for working capital, and to issue and sell \$10,800 of stock at 95 net for the purpose of obtaining funds to provide for the construction and equipment of a warehouse building, or buildings, and to pay organization expenses, taxes and necessary expenses incident to the issue and sale of stock, and the usual incorporation expenses.

Applicant proposes to deliver the \$19,200 of stock as follows:

To A. T. Ambler, in payment of a tract of land in San Bernardino-----	\$15,000 00
To A. T. Ambler in payment for a one-ton Ford truck-----	600 00
To R. T. Merriam in payment for legal services-----	500 00
To Chas. S. Wilson at par for cash-----	2,500 00
To Chester F. Ambler at par for cash-----	100 00
To Olive M. Ambler at par for cash-----	500 00

Total -----	\$19,200 00
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The tract of land consists of a lot fronting 606 feet on I street and 153 feet deep on Ninth avenue and Tenth street in San Bernardino. The property, which is in excess of two acres, is improved with a spur track along the entire frontage which is parallel with, and adjacent to, the main line of the Santa Fe and Union Pacific Railroads. The property is owned by A. T. Ambler, applicant's president, who has agreed to sell it to the corporation for \$15,000 of stock. In addition, Mr. Ambler proposes to sell to the corporation a one-ton Ford truck for \$600 of stock.

The legal services, in payment of which the Commission is asked to authorize the issue of \$500 of stock, consist in organizing and incorporating the company and in preparing and presenting this application to the Commission. The cash to be received for the \$3,100 of stock to be sold at par we will authorize to be used for working capital.

Applicant asks permission to execute a deed of trust to W. T. Bill and A. E. Ball, as trustees, to secure the payment of a note in favor of Redlands Building-Loan Association, in the principal amount of \$6,000, payable in equal monthly installments over a period of 107 months commencing March 1, 1924. The company has filed a copy of its proposed deed of trust as its Exhibit "B". It will secure the payment of the proposed note and additional amounts up to a total of \$10,000. At this time, however, it is proposed to borrow only \$6,000. The proceeds obtained from the note will be used in constructing a warehouse 50 x 100 feet in dimension and consisting of a concrete basement over which there will be a floor of 2-inch planks upon which there is to be erected a superstructure of one story, walled with corrugated iron. The total capacity is estimated at 90,000 cubic feet.

In addition to the \$19,200 of stock, applicant proposes to issue and sell \$10,800 of stock to the public. It intends to offer the stock at par, but asks permission to use an amount of the proceeds not exceeding 5 per cent of the par value of the stock sold to pay selling expenses, and to use approximately \$200 to pay miscellaneous organization fees and expenses. The testimony indicates that a portion of the proceeds might be used to pay the \$6,000 note. As the company was not in the position, at the hearing, to advise the Commission definitely of the exact purposes for which it intends to use all the proceeds from the sale of the stock, the order herein will authorize the company to issue and sell the \$10,000 of stock at par, less a selling commission of 5 per cent, but will provide that no proceeds, other than the \$6,200 to pay organization expenses and indebtedness, may be expended except as subsequently authorized by the Commission.

Charles S. Wilson, applicant's vice president, testified that with a minimum rate of one cent per cubic foot the company's gross annual

revenues from storage should aggregate \$11,071. In addition, he estimated that the annual turn over or handling charges should amount to \$3,690; rental of the unoccupied portion of the lot to \$1,200; and miscellaneous earnings to \$2,000; making a total estimated gross revenue of \$17,961. Operating expenses are estimated at \$7,500 a year, leaving an estimated net revenue of \$10,461. Mr. Wilson also testified that he had ascertained that there was a demand in San Bernardino for negotiable warehouse receipts from responsible warehouses which led him to believe that there was need for applicant's proposed operations.

Applicant also asks the Commission to declare that public convenience and necessity require it to operate as a public utility warehouse. Under the provisions of the Public Utilities Act a warehouseman may undertake the operation of a public utility warehouse without a certificate of public convenience and necessity. The request of applicant to operate as a public utility will therefore be dismissed.

ORDER.

The Southwest Storage Company, Incorporated, having applied to the Railroad Commission for permission to issue stock and execute a deed of trust and note, and to operate as a public utility, a public hearing having been held, and the Railroad Commission being of the opinion that it is not necessary for the company to obtain a certificate of public convenience and necessity from the Commission and that the money, property or labor to be procured or paid for through the issue of stock and the execution of the deed of trust and note is reasonably required by applicant for the purposes specified herein and that the expenditures for such purposes are not in whole or in part reasonably chargeable to operating expenses or to income;

It is hereby ordered, that The Southwest Storage Company, Incorporated, be and it is hereby authorized to execute a deed of trust substantially in the same form as that filed in this proceeding as Exhibit "B" and to issue its promissory note in the principal amount of \$6,000 and to issue \$30,000 of its capital stock.

The authority herein granted is subject to further conditions as follows:

1. The authority herein granted to execute a deed of trust is for the purpose of this proceeding only and is granted only in so far as this Commission has jurisdiction under the terms of the Public Utilities Act and is not intended as an approval of said deed of trust as to such other legal requirement to which said deed of trust may be subject.
2. Applicant may use the proceeds obtained through the issue of the note herein authorized to pay the cost of constructing the warehouse building to which reference is made in the foregoing opinion.

3. Applicant may sell and deliver at par \$19,200 of the stock herein authorized for the following purposes:

a. To A. T. Ambler in payment for the land and Ford truck to which reference is made in this proceeding-----	\$15,600 00
b. To R. T. Merriam in payment of legal services-----	500 00
c. To Chas. S. Wilson at par for cash-----	2,500 00
d. To C. F. Ambler at par for cash-----	100 00
e. To Olive M. Ambler at par for cash-----	500 00

The proceeds obtained from the sale of the \$3,100 of the stock herein authorized at par may be used by applicant for working capital.

4. Applicant may sell \$10,800 of the stock herein authorized at par, less a selling commission of not exceeding 5 per cent of the par value of stock sold, and may use not exceeding \$200 of the proceeds to pay organization expenses and \$6,000 to pay the note it is herein authorized to execute. The remaining proceeds, and any portion of the \$6,200 not used to pay organization expenses and the note, may be used by applicant only for such purposes as the Commission may authorize in supplemental orders.

5. Applicant shall keep such record of the issue, sale and delivery of the stock and note herein authorized and of the disposition of the proceeds as will enable it to file, on or before the twenty-fifth day of each month, a verified report as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

6. The authority herein granted will become effective when applicant has paid the minimum fee prescribed by section 57 of the Public Utilities Act, which fee is \$25 and will expire on December 31, 1924.

It is hereby further ordered, that the application in so far as it relates to the request for a certificate of public convenience and necessity be and it is hereby dismissed.

Dated at San Francisco, California, this seventh day of March, 1924.

DECISION No. 13250.

IN THE MATTER OF THE APPLICATION OF THE WHITE LINES, A CORPORATION, FOR LEAVE TO MORTGAGE CERTAIN PROPERTY TO F. DOHRMANN, JR.

Application No. 9752.

Decided March 7, 1924.

Sanborn and Rochl and DeLancey C. Smith, by *DeLancey C. Smith*, for Applicant.
BY THE COMMISSION.

OPINION.

In this application The White Lines, a corporation engaged in operating auto trucks for the transportation of freight between Stockton and

Turlock and intermediate points, asks the Railroad Commission to make an order authorizing it to execute a mortgage and to issue to F. Dohrmann, Jr., its promissory note in the principal amount of \$30,000 payable in equal monthly installments of \$208.33, without interest.

Applicant was organized during November, 1918, and has an authorized capital stock of \$150,000 divided into 150,000 shares of the par value of \$1 each, all common. As of December 31, 1923, it reports \$50,000 of stock outstanding. As of the same date, it reports outstanding a mortgage indebtedness of \$31,369.13 and miscellaneous liabilities of \$552.48. The mortgage indebtedness is represented by a note in favor of F. Dohrmann, Jr., dated February 1, 1921, and was issued to refund advances by F. Dohrmann, Jr., and used in the conduct of applicant's business.

The company now intends to refund the outstanding mortgage indebtedness by issuing to F. Dohrmann, Jr., a new note dated as of September 1, 1923, in the face amount of \$30,000 payable in equal monthly installments of \$208.33, without interest. It is proposed to secure the payment of the note by a mortgage which will be the only indebtedness outstanding against, and a first lien on, all of applicant's properties now owned or to be acquired during the life of the mortgage. Testimony herein shows that applicant's properties at this time include six Mack trucks, one Ford truck, one Peerless truck and ten trailers.

ORDER.

The White Lines having applied to the Railroad Commission for permission to execute a mortgage and to issue a note, a public hearing having been held before Examiner Fankhauser and the Railroad Commission being of the opinion that the application should be granted, as herein provided, and that the money, property or labor to be procured or paid for through the execution of the mortgage and the issue of the note is reasonably required by applicant;

It is hereby ordered, that The White Lines, a corporation, be and it is hereby authorized to execute a mortgage substantially in the same form as that filed in this proceeding and to issue to F. Dohrmann, Jr., its promissory note in the principal amount of \$30,000 payable in equal monthly installments of \$208.33, without interest, for the purpose of refunding in part the outstanding indebtedness to which reference is made in the foregoing opinion.

The authority herein granted is subject to further conditions as follows:

1. The authority herein granted to execute a mortgage is for the purpose of this proceeding only and is granted only in so far as this Commission has jurisdiction under the terms of the Public Utilities Act

and is not intended as an approval of said mortgage as to such other legal requirements to which said mortgage may be subject.

2. Applicant shall keep such record of the issue and delivery of the note herein authorized as will enable it to file, within thirty days after such issue and delivery, a verified report as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

3. The authority herein granted will become effective when applicant has paid the fee prescribed by section 57 of the Public Utilities Act, which fee is \$30, and will expire on May 31, 1924.

Dated at San Francisco, California, this seventh day of March, 1924.

DECISION No. 13252.

IN THE MATTER OF THE APPLICATION OF THE PEOPLE OF THE STATE OF CALIFORNIA, ON RELATION OF THE CALIFORNIA HIGHWAY COMMISSION, FOR AN ORDER AUTHORIZING THE CONSTRUCTION OF A STATE HIGHWAY CROSSING OVER THE TRACKS OF THE SOUTHERN PACIFIC RAILROAD, A CORPORATION, NEAR POLARIS, NEVADA COUNTY, CALIFORNIA.

Application No. 9558.

Decided March 13, 1924.

F. T. Finch, for Applicant.

F. W. Mielke, for Southern Pacific Company.

BY THE COMMISSION.

OPINION.

In the above entitled application the people of the State of California, on relation of the California Highway Commission, ask for permission to construct a state highway crossing above the tracks of Southern Pacific Company near Polaris, Nevada County, California.

A public hearing was held on this application before Examiner Satterwhite in San Francisco, February 5, 1924.

The proposed grade separation is on a new state highway route known as the Auburn-Verdi highway. In addition to carrying the highway over the railroad tracks, the proposed structure provides for spanning the Truckee River. The railroad at this point is located along the south bank of the river. Applicant's plan provides room for the installation of two future tracks in addition to the two now existing. The central span of the viaduct, through which the river will flow, is supported by means of a reinforced concrete arch 179 feet in length, and on each side of the arch the viaduct is of concrete girder construction, supported by concrete columns. The total length of the elevated roadway is 398 feet. Applicant estimated that the viaduct as planned will cost \$72,252, and is willing to pay the entire cost of the structure as planned.

Southern Pacific Company appeared for the purpose of urging two changes in the proposed plan, namely, to require lowering the footing of the south abutment so as to eliminate possible future expense in the event additional tracks are constructed through the first span of the viaduct, and to require applicant to increase the clearance over the present tracks from 22 feet 4 inches to 22 feet 8 inches. The additional 8 inches over requirements of this Commission's General Order No. 26 is requested to allow for ballasting the tracks in the future. With respect to the first modification that the south abutment be lowered, the engineer for applicant testified that the Highway Commission was willing to bear the expense in carrying this footing down to hard rock or, in the event no hard rock was encountered, to carry the footing down to the level of the existing tracks; but as to increasing the clearance, applicant does not consider it should bear this additional expense, in view of the fact the proposed plan complies with this Commission's General Order with respect to clearance. It appears, therefore, that applicant and Southern Pacific Company are not in accord with respect to the allocation of the expense that would be incurred by changes suggested by Southern Pacific Company. Applicant's offer to bear the expense of lowering the footing of the south abutment to provide for future tracks would seem very liberal, as a charge of this character has, in many instances, been assessed to the railroad. Upon consideration of all the evidence before it, this Commission is of the opinion that Southern Pacific Company should bear all expenses incurred by any changes it requires, from the proposed plans, to provide for future improvement of the railroad.

It is evident that public convenience and necessity require the granting of this application and it will be so ordered.

ORDER.

The people of the State of California, on relation of the California Highway Commission, having applied to this Commission for an order authorizing the construction of a crossing over the track of Southern Pacific Company near Polaris, Nevada County, public hearing having been held thereon, the Commission being apprised of the facts, the matter being under submission and ready for decision;

It is hereby ordered, that the people of the State of California, on relation of the California Highway Commission, be and they are hereby authorized to construct a crossing over the tracks of Southern Pacific Company near Polaris, Nevada County, California, as shown on map (No. III Nev. 38-A) attached to the application; said crossing to be constructed subject to the following conditions, viz:

(1) The proposed grade separation shall be constructed in accordance with detail plans which shall be submitted to and have the approval of this Commission.

(2) The entire expense of constructing the proposed overgrade crossing, together with the cost of its maintenance thereafter in good and first-class condition for the safe and convenient use of the public, shall be borne by applicant.

(3) In the event Southern Pacific Company require the modification of the proposed plans to provide for future improvement on the part of the railroad, any additional expense so incurred shall be borne by Southern Pacific Company.

(4) All the provisions of General Order No. 26 of this Commission which are appurtenant hereto shall be complied with.

(5) Applicant shall, within thirty (30) days thereafter, notify this Commission, in writing, of the completion of the installation of said crossing.

(6) If said crossing shall not have been installed within one year from date of this order, the authorization herein granted shall then lapse and become void, unless further time is granted by subsequent order.

(7) The Commission reserves the right to make such further orders relative to the location, construction, operation, maintenance and protection of said crossing as to it may seem right and proper, and to revoke its permission if, in its judgment, the public convenience and necessity demand such action.

This order shall become effective ten (10) days after the making thereof.

Dated at San Francisco, California, this thirteenth day of March, 1924.

DECISION No. 13263.

IN THE MATTER OF THE APPLICATION OF SOUTHERN CALIFORNIA EDISON COMPANY, A CORPORATION, FOR AUTHORITY TO ISSUE AND SELL FOURTEEN MILLION DOLLARS FACE VALUE OF ITS REFUNDING MORTGAGE GOLD BONDS, SERIES OF SIXES, DUE NINETEEN HUNDRED FORTY THREE.

Application No. 9874.

Decided March 14, 1924.

Roy V. Reppy, for Applicant.

BY THE COMMISSION.

OPINION.

Southern California Edison Company asks permission to issue and sell at not less than 95 per cent of their face value \$14,000,000 of its refunding mortgage gold bonds, Series 6s, due October 1, 1943.

Applicant in its Exhibit No. 3 reports \$11,443,164.06 expended for construction purposes against which no securities have been issued. This amount is segregated in such exhibit as follows:

Total expenditures for new construction as of November 30, 1923, per Exhibit "C," Application 9802, Decision 13208-----	\$7,078,028 07
December, 1923, expenditures for construction-----	1,833,773 32
January, 1924, expenditures for construction-----	1,691,762 67
Total -----	\$10,603,564 06
Southern California Edison Company 7 per cent gold debentures dated January 15, 1919, retired January 15, 1924-----	969,600 00
Shaver Lake Lumber Company first mortgage 5 per cent gold bonds dated July 15, 1919, retired January 15, 1924-----	250,000 00
Total -----	\$11,823,164 06
Deduct proceeds of sale of stock withdrawn from February 18, 1924, to March 12, 1924, against construction expenditures under Application 9131, Decision 12332, and Application 9802, Decision 1320S -----	380,000 00
Total expenditures for new construction against which no securities have been issued-----	\$11,443,164 06

D. M. Trott, applicant's comptroller, testified that applicant's construction expenditures during February have been about \$1,300,000 and that its construction expenditures during March will be approximately \$1,400,000.

In Application No. 9802 applicant filed a copy of its 1924 budget (Exhibit "D"). The following is a summary of such budget:

Big Creek Construction-----	\$9,738,000 00
Power Houses Nos. 1 and 2-----	\$2,100,000 00
Florence tunnel-----	6,179,000 00
Huntington-Shaver tunnel-----	700,000 00
Protecting Huntington Lake dams-----	250,000 00
Florence Lake-----	1,000,000 00
Interest Shaver site-----	159,000 00
Engineering for future development-----	100,000 00
Steam gauging-----	60,000 00
Clearing Huntington Lake-----	2,000 00
B. C. P. H. No. 3 completion-----	60,000 00
Total -----	\$10,610,000 00
Deduct net credits to amounts expended prior to 1924 and included in above items-----	872,000 00
Remodeling steam plants-----	3,000,000 00
Transmission 220 k.v.-----	2,550,000 00
Miscellaneous system betterments-----	11,000,000 00
Total -----	\$26,288,000 00

Applicant's comptroller testified that because of the prevailing drought conditions applicant's 1924 budget is now being revised. The work on Florence tunnel will be expedited with a resulting increase in the estimated expenditures during 1924. It is planned at this time not to undertake any work during 1924 on the Huntington-Shaver tunnel or in protecting Huntington Lake dams and to expend on Florence

Lake about \$300,000 instead of \$1,000,000 as originally estimated. The testimony further shows that the amount which the company expects to expend on remodeling steam plants and increasing its steam plant generating capacity will be \$4,000,000 instead of \$3,000,000. Applicant has agreed to file with the Commission a revised copy of its 1924 budget.

Previous decisions have authorized the company to use stock and bond proceeds to finance expenditures set forth in applicant's 1923 budget. In Exhibit No. 2 applicant reports an expenditure of \$164,477.87 which was not included in its 1923 budget. Applicant asks permission to finance these expenditures through the sale of bonds which it now asks permission to issue.

ORDER.

Southern California Edison Company, having applied to the Railroad Commission for permission to issue and sell \$14,000,000 of bonds, a public hearing having been held before Examiner Fankhauser and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for by such issue is reasonably required by applicant and that the expenditures herein authorized are not in whole or in part reasonably chargeable to operating expenses or to income and that this application should be granted as herein provided; therefore,

It is hereby ordered, that Southern California Edison Company be and it is hereby authorized to issue and sell at not less than 95 per cent of their face value \$14,000,000 of its refunding mortgage gold bonds, Series of 6s, due October 1, 1943, and use the proceeds to finance in part such expenditures reported in applicant's Exhibits No. 2 and No. 3 filed in this proceeding, and in Exhibit "D" filed in Application No. 9802, as are properly chargeable to capital account under the system of accounts prescribed or adopted by this Commission and not financed through the issue of stock or bonds heretofore authorized by the Commission.

The authority herein granted is subject to further conditions as follows:

1. Applicant shall file with the Commission during 1924 monthly reports showing in detail the amount expended for extensions, additions and betterments.

2. Applicant shall keep such record of the issue, sale and delivery of the bonds herein authorized and of the disposition of the proceeds as will enable it to file on or before the twenty-fifth day of each month a verified report, as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

3. The authority herein granted will become effective when applicant has paid the fee prescribed by section 57 of the Public Utilities Act,

which fee is \$6,500. No bonds may be issued, sold or delivered under the authority herein granted after September 1, 1924.

Dated at San Francisco, California, this fourteenth day of March, 1924.

DECISION No. 13266.

IN THE MATTER OF THE APPLICATION OF THE FOREST GROVE WATER COMPANY, A CORPORATION, TO SELL, AND THE CITY OF GLENDALE, A MUNICIPAL CORPORATION, TO PURCHASE, THE WATER SYSTEM OF SAID FOREST GROVE WATER COMPANY.

Application No. 9582.

Decided March 14, 1924.

Chas. L. Chandler and Howard Robertson, by *Howard Robertson*, for Applicant.

Ray L. Morrow, City Attorney, for City of Glendale.

W. H. Hail, for certain consumers and Los Angeles and Arizona Land Company, Protestants.

W. L. Twinning, for self and Nettie L. Twinning, Protestants.

BY THE COMMISSION.

OPINION.

In this application Forest Grove Water Company, a corporation, serving domestic water to consumers in the territory known as Verdugo Woodland, Los Angeles County, asks permission to sell to the city of Glendale its public utility water system. The city of Glendale joins in the application.

A public hearing in the matter was held before Examiner Williams at Los Angeles, after due notice thereof had been given so that all interested parties might appear and be heard.

The testimony shows that approximately six months prior to the filing of this application the Forest Grove Water Company actually relinquished control and possession of its water system without authority from this Commission, and the city of Glendale did actually take over and operate the system, imposing its own schedule of rates for water service, together with its rules and regulations.

Section 51 (a) of the Public Utilities Act provides, among other things, that no water corporation "shall henceforth sell, lease, assign, mortgage or otherwise dispose of, or encumber the whole or any part of its * * * mains, plant or system necessary or useful in the performance of its duties to the public * * * without first having secured from the Commission an order authorizing it to do so." It is therefore evident that any charges for water service and the enforcement of rules and regulations other than those accepted for filing with this Commission were contrary to the provisions of the law. However, as the rates charged by the city of Glendale are less than those charged by the utility the consumers have not been injured in this respect. The

evidence indicates also that the water rights of this utility have for years been contested by the city of Glendale and the acquisition of the system by the city will without doubt terminate long and complicated legal proceedings and be to the best interests of the consumers of this utility and also the city of Glendale.

A number of property owners protested the granting of the application on the ground that the system of the Forest Grove Water Company was installed by a real estate company to aid in the sale of lots which they purchased, and should the system be transferred to the city of Glendale they will be required to pay for pipe extensions and service connections, a practice not permitted by the Commission under its rules and regulations governing public utilities. While there is some merit in this protest it is offset by the fact that the rates charged by the city of Glendale for water service are lower than those charged by the Forest Grove Water Company. It is also probable that better service will be rendered by the city than by this utility.

A careful consideration of all the evidence presented leads to the conclusion that the best interests of consumers will be in no way affected by the proposed transfer and that authority therefor should be granted.

ORDER.

Forest Grove Water Company, a corporation, having made application for authority to transfer to the city of Glendale a certain water system supplying consumers in the territory known as Verdugo Woodland, Los Angeles County, and the city of Glendale having joined in the application, a public hearing having been held thereon and the matter having been submitted;

It is hereby ordered, that the above entitled application be and the same is hereby granted upon the following conditions and not otherwise:

1. The consideration given for the transfer of this public utility water system shall not be urged before this Commission or any other public body as a finding of value for rate fixing or any purpose other than the transfer herein authorized.

2. The authority herein granted shall apply to that public utility property particularly described in the application herein.

3. The within authority to transfer said property shall apply only to such transfer as shall have been completed on or before July 31, 1924, and a certified copy of the instrument of conveyance shall be filed with this Commission by Forest Grove Water Company on or before August 31, 1924.

4. Within ten (10) days of the date on which possession and control of the property herein authorized to be transferred is actually relinquished to the city of Glendale, a certified statement to that effect shall

be filed with this Commission by Forest Grove Water Company, or in case the city of Glendale is already in control and possession of the property, a certified statement to that effect shall be filed with this Commission within ten (10) days of the date hereof.

Dated at San Francisco, California, this fourteenth day of March, 1924.

DECISION No. 13267.

IN THE MATTER OF THE APPLICATION OF ARROWHEAD UTILITY COMPANY, A CORPORATION, AND HARRY LEE MARTIN, FOR AN ORDER AUTHORIZING THE SALE AND PURCHASE OF ALL OF THE TELEPHONE SYSTEM OF SAID HARRY LEE MARTIN, LOCATED AT LAKE ARROWHEAD, SAN BERNARDINO COUNTY, CALIFORNIA.

Application No. 9655.

IN THE MATTER OF THE APPLICATION OF ARROWHEAD UTILITY COMPANY, A CORPORATION, FOR AN ORDER AUTHORIZING THE PURCHASE OF ALL OF THE POWER AND ELECTRIC SYSTEM OF ARROWHEAD MUTUAL SERVICE COMPANY, LOCATED AT LAKE ARROWHEAD, SAN BERNARDINO COUNTY, CALIFORNIA; AND FOR AN ORDER OF PUBLIC CONVENIENCE AND NECESSITY TO OPERATE SAID POWER AND ELECTRIC SYSTEM.

Application No. 9656.

IN THE MATTER OF THE APPLICATION OF ARROWHEAD UTILITY COMPANY, A CORPORATION, FOR AN ORDER AUTHORIZING THE PURCHASE OF ALL OF THE WATER SYSTEM OF ARROWHEAD MUTUAL SERVICE COMPANY, LOCATED AT LAKE ARROWHEAD, SAN BERNARDINO COUNTY, CALIFORNIA; AND FOR AN ORDER AUTHORIZING THE PURCHASE FROM ARROWHEAD LAKE COMPANY, A CORPORATION, OF CERTAIN WATER RIGHTS IN THE VICINITY OF LAKE ARROWHEAD, SAN BERNARDINO COUNTY, CALIFORNIA, AND FOR AN ORDER OF PUBLIC CONVENIENCE AND NECESSITY TO OPERATE SAID WATER SYSTEM.

Application No. 9657.

Decided March 14, 1924.

Musick, Burr and Pinney, by *W. B. Pinney*, for Applicants.

BY THE COMMISSION.

OPINION.

In the above entitled applications, as amended, Arrowhead Utility Company asks permission to issue and sell at par \$200,000 par value of common stock for the purpose of acquiring telephone, electric and water properties and constructing additions and betterments to such properties. The company further asks the Commission to declare that public convenience and necessity require it to operate electric and water plants in the territory described in the applications. In Application No. 9655, Harry Lee Martin asks permission to sell a telephone plant to Arrowhead Utility Company.

A public hearing was held before Examiner Williams. At such hearing the above applications were consolidated for decision.

The properties, which the Arrowhead Utility Company intends to acquire, are located in the territory commonly known as "Arrowhead Woods," including the village of Lake Arrowhead, San Bernardino County. The territory, throughout which the Arrowhead Utility Company intends to operate, consists of about 5000 acres and is described in Exhibit "F" in Application No. 9656 and Exhibit "I" in Application No. 9657.

By Decision No. 12858, dated November 26, 1923, in Application No. 9180, the Commission authorized Harry Lee Martin to construct and operate a telephone system. Reference is here made to such decision for a description of the territory throughout which the telephone system may be operated. The Commission's decision authorizes Harry Lee Martin to conduct such telephone business under the name and style of Arrowhead Telephone Company. He now proposes to sell such telephone properties which, on November 30, 1923, are reported to have cost \$18,702.59 to the Arrowhead Utility Company. The record shows that the \$18,702.59 includes \$2,869.90, which represents the estimated cost of telephone instruments and services.

Under the name of the Arrowhead Mutual Service Company, a mutual corporation, an electric distributing system and water distributing system have been operated at Lake Arrowhead. These properties have actually been operated by the Arrowhead Lake Company. It is proposed to transfer the electric distributing system and the water distributing systems, including certain water rights owned by Arrowhead Lake Company, to the Arrowhead Utility Company; the former at a cost of \$61,710 and the latter at a cost of \$85,512.54. These figures apply to the properties as they existed on November 30, 1923.

The electric properties consist of rights of way, easements, transmission and distribution lines, 95 meters and 98 services. An inventory of the properties is on file in Application No. 9656. The water properties consist of water rights, rights of way, easements, reservoirs, pumps, transmission and distribution pipes, 84 meters and a like number of services. The water rights are owned by the Lake Arrowhead Company; the other properties by the Arrowhead Mutual Service Corporation. An inventory of the properties is on file in Application No. 9657. The water rights which are to be conveyed by Arrowhead Lake Company to the Arrowhead Utility Company, include the right to take from Lake Arrowhead not to exceed 2000 gallons of water per minute and the right to take not more than 100 gallons per minute from Orchard Creek and a like amount from Fleming Creek. A value of \$10,000 has been placed on such water rights. It is urged that this is a nominal, and not the real, value of the water rights. It does not seem necessary in this proceeding to determine the value of the water rights to be acquired by the Arrowhead Utility Company.

The Arrowhead Utility Company, in a supplemental application, filed on March 5th, asks permission to issue and sell at par \$200,000 of common stock. The Arrowhead Lake Company has agreed to purchase forthwith enough of such stock to enable the Arrowhead Utility Company to purchase the telephone, electric and water properties referred to herein. It will pay for the properties as they existed on November 30, 1923, the amounts mentioned above and further pay the actual cost of additions and betterments since such date. The Arrowhead Lake Company has also agreed to purchase upon demand of the Arrowhead Utility Company, the remainder of the \$200,000 of stock. We have not been furnished with a statement showing the purposes for which the remaining proceeds will be expended. We think that such statement should be filed with the Commission and therefore the order will provide that any proceeds obtained from the sale of stock and not necessary to acquire the properties referred to herein, be expended only for such purposes as the Commission will hereafter authorize by a supplemental order or orders.

The Arrowhead Utility Company has applied to the board of supervisors of San Bernardino County for a franchise permitting it to construct, acquire and operate electric and water distributing systems. The company has agreed to file with the Commission a certified copy of such franchise. It should also file with the Commission a duly and legally executed stipulation agreeing never to claim a value for such franchise in excess of the amount paid therefor to the grantor, such amount to be set forth in the stipulation.

ORDER.

The Railroad Commission having been asked to make an order authorizing Harry Lee Martin to sell and transfer a public utility telephone plant to Arrowhead Utility Company, which company having asked permission to issue \$200,000 of stock and purchase such telephone plant and other properties and to exercise the rights and privileges which it intends to obtain under a franchise from the board of supervisors of San Bernardino County, a public hearing having been held and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for by the issue of \$200,000 of stock is reasonably required by the Arrowhead Utility Company and that this application should be granted as herein provided; therefore

It is hereby ordered, that Harry Lee Martin be and he is hereby authorized to sell and transfer the telephone properties described in Application No. 9655 to the Arrowhead Utility Company.

It is hereby further ordered, that the Arrowhead Utility Company be and it is hereby authorized to issue and sell for not less than par \$200,000 of its common capital stock.

It is hereby further ordered, that the Arrowhead Utility Company be and it is hereby authorized to acquire the telephone, electric light and power, and water properties described in the above entitled applications, and to pay for such properties free and clear of all encumbrances as the same existed on November 30, 1923, the sum of \$165,925.13, which amount is to be obtained from the sale of stock herein authorized to be issued. The company may also purchase the extensions, additions and betterments to the above described properties made subsequent to November 30, 1923, and to pay for such extensions, additions and betterments the actual cost thereof. The amount so expended shall also be obtained from the sale of stock herein authorized to be issued. Any proceeds obtained from the sale of stock herein authorized to be issued, not necessary to acquire the above described properties, shall be expended only for such purposes as the Railroad Commission will hereafter authorize by supplemental order or orders.

The authority herein granted to issue stock and acquire properties is subject to further conditions as follows:

1. The Arrowhead Utility Company shall keep such record of the issue and sale of the stock herein authorized as will enable it to file on or before the twenty-fifth day of each month a verified report as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

2. The authority herein granted to transfer and purchase properties and issue stock will become effective upon the date hereof and will expire on August 1, 1924.

3. The consideration paid for the properties which the Arrowhead Utility Company is herein authorized to purchase shall not be urged before this Commission or any other public body as a finding of the value of said properties for the purpose of fixing rates or for any purpose other than the transfer herein authorized.

4. Within thirty days after their execution, the Arrowhead Utility Company shall file with the Railroad Commission certified copies of the deeds under which it acquires and holds title to the properties which it is herein permitted to purchase.

The Railroad Commission hereby declares that hereafter, upon the filing herein of a certified copy of an ordinance of the county of San Bernardino granting to the Arrowhead Utility Company a franchise, and the filing of a duly and legally executed stipulation, as set forth in the opinion that precedes this order, the Railroad Commission will declare that public convenience and necessity require and will require the exercise by Arrowhead Utility Company of the rights and privileges granted to it by such ordinance, subject to such terms and conditions as the Railroad Commission may prescribe.

Dated at San Francisco, California, this fourteenth day of March, 1924.

DECISION No. 13268.

IN THE MATTER OF THE APPLICATION OF FONTANA DOMESTIC WATER COMPANY, A CORPORATION, FOR (A) AN ORDER AUTHORIZING ISSUE OF CAPITAL STOCK; AND (B) A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY.

Application No. 9686.

Decided March 14, 1924.

Leonard, Surr and Hellyer, by *G. W. Hellyer*, for Applicant.

BY THE COMMISSION.

OPINION.

In this application Fontana Domestic Water Company asks the Railroad Commission to make an order:

1. Declaring that public convenience and necessity require the exercise by applicant of the rights or privileges granted by the board of supervisors of San Bernardino County by Ordinance No. 213, to supply water for domestic purposes in the town of Fontana; and

2. Declaring that present or future public convenience and necessity require or will require the extension of the distributing system to be acquired by applicant; and

3. Authorizing applicant to issue 2500 shares of its capital stock of the aggregate par value of \$250,000 for the purpose of acquiring properties and of financing the cost of additions, betterments and extensions.

A public hearing was held before Examiner Williams in Los Angeles.

The application shows that Fontana Domestic Water Company was organized on or about March 8, 1923, for the purpose of supplying the inhabitants of the unincorporated town of Fontana, in San Bernardino County, with water for domestic and irrigation purposes. It appears that this district heretofore has been served with water by a distributing system owned by Fontana Farms Company and operated under lease by Rialto Domestic Water Company. This lease expired during the early part of 1923, and possession of the properties reverted to Fontana Farms Company, which company has since continued to supply water, without charge or compensation, in Fontana.

To take over and operate this distributing system, those in control of Fontana Farms Company have caused the organization of applicant. The new company proposes to issue all of its authorized capital stock, consisting of 2500 shares of the aggregate par value of \$250,000 for the following purposes:

For cash.....	\$53 28
To pay for the water distributing system of Fontana Farms Company..	45,346 72
To pay for 500 shares of stock of Fontana Union Water Company....	100,000 00
To sell for cash.....	104,600 00
Total	\$250,000 00

The shares of stock of Fontana Union Water Company, a mutual company, constitute the means by which applicant will obtain its water and entitle applicant to one hundred inches of water, measured under a four-inch pressure. Applicant is of the opinion that such an amount of water will be sufficient to meet the demand for service. It is reported that \$200 per share represents the reasonable market value of the stock. The price of \$45,346.72 to be paid for the distributing system represents, according to applicant, the estimated present value of the properties.

In support of this allegation, applicant has filed with the application a copy of an appraisal made by Mr. Kempster B. Miller, a consulting engineer, who estimated the reproduction cost of the properties at \$50,385.26, the condition per cent at 90, and the present value at \$45,346.72. Mr. John Spencer, one of the Commission's hydraulic engineers, introduced, as Commission's Exhibit "A," a report in which he estimates the original cost of the properties at \$48,545, the accrued depreciation \$9,233, and the estimated original cost, less depreciation, at \$39,312.

The physical properties are described, in some detail, in both the application and in the Commission's Exhibit "A" and appear to consist of 44,900 feet of riveted steel pipe, 52,721 feet of black iron pipe, 8 street fire hydrants and 135 service connections. It appears to us that \$145,400 is a reasonable amount of stock to be issued in payment for the distributing system and for the stock of Fontana Union Water Company, it being understood, however, that the amount of stock which applicant is authorized to issue in payment for these properties shall not be binding on this Commission or other court or public body, as a measure of value for fixing rates, or for any purpose, other than this transfer.

Applicant asks permission to use the proceeds from the sale of the remaining \$104,600 of stock to provide funds for the purpose of constructing, completing and extending the distributing system which it proposes to acquire from the Fontana Farms Company. The company was not in a position at the hearing, however, to advise the Commission definitely as to the specific purposes for which it intends to use these proceeds. The order herein, while authorizing the issue of the entire \$250,000 of stock, will provide that the proceeds obtained from the sale of \$104,600 of such stock shall be placed by applicant in a special account and expended only for such purposes as the Railroad Commission might authorize in subsequent orders.

ORDER.

Fontana Domestic Water Company, having applied to the Railroad Commission for a certificate of public convenience and necessity and for

an order authorizing the issue of stock, a public hearing having been held and the Railroad Commission being of the opinion that the application should be granted as herein provided; therefore

The Railroad Commission hereby declares that public convenience and necessity require and will require the exercise by Fontana Domestic Water Company of the rights and privileges granted it by the board of supervisors of the county of San Bernardino by Ordinance No. 213, adopted June 11, 1923, and that public convenience and necessity require and will require the extension of the distributing system to be acquired by Fontana Domestic Water Company, provided that Fontana Domestic Water Company shall first have filed with the Railroad Commission a stipulation duly authorized by its board of directors, declaring that Fontana Domestic Water Company, its successors and assigns, will never claim before the Railroad Commission or any court or other public body a value for said rights and privileges in excess of the amount actually paid to the county of San Bernardino as the consideration for the grant of such franchise, which amount is to be set forth in the stipulation, and shall have received from the Railroad Commission a supplemental order declaring that such stipulation has been filed in form satisfactory to the Railroad Commission.

It is hereby ordered, that Fontana Domestic Water Company be and it is hereby authorized to issue \$250,000 of its common capital stock.

The authority herein granted is subject to the following conditions:

1. Of the stock herein authorized, \$145,400 may be delivered to Fontana Farms Company in payment for the water distributing system and the shares of stock of Fontana Union Water Company to which reference is made in the foregoing opinion.

2. Of the stock herein authorized, \$104,600 shall be sold for cash at not less than par and the proceeds deposited by applicant in a special account to be used only when and as authorized by the Commission in subsequent orders.

3. Fontana Domestic Water Company shall keep such record of the issue, sale and delivery of the stock herein authorized and of the disposition of the proceeds as will enable it to file on or before the twenty-fifth day of each month a verified report, as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

4. The authority herein granted will become effective upon the date hereof but will expire on February 28, 1925.

5. Applicant shall file with the Commission a verified copy of the deed by which it acquired title to the properties referred to herein within 30 days after its execution, and shall at the same time advise

the Commission of the exact date upon which it takes possession of such properties.

6. The amount of stock which applicant is authorized to issue in payment for the properties referred to herein shall not be binding on the Commission or other court or public body as a measure of value in fixing rates, or for any purpose other than this transfer.

Dated at San Francisco, California, this fourteenth day of March, 1924.

DECISION No. 13269.

IN THE MATTER OF THE APPLICATION OF CENTRAL COUNTIES GAS COMPANY FOR AN ORDER AUTHORIZING THE ISSUE AND SALE OF ONE HUNDRED THOUSAND SHARES OF ITS PREFERRED AND/OR COMMON CAPITAL STOCK OF A PAR VALUE OF ONE DOLLAR PER SHARE.

Application No. 9825.

Decided March 14, 1924.

F. W. Hunter, for Applicant.

BY THE COMMISSION.

OPINION.

In this application Central Counties Gas Company asks permission to issue and sell at a net price of not less than 92½ per cent of par value \$100,000 of its common stock or \$100,000 of its preferred stock or such portion of either as it may elect to issue in the aggregate amount of \$100,000.

Central Counties Gas Company has an authorized capital stock of \$500,000, divided into 500,000 shares of the par value of \$1 each and consisting of \$300,000 of common stock and \$200,000 of 7 per cent preferred stock. As of January 31, 1924, the company reports \$145,865 of common stock and no preferred stock outstanding. In addition, as of the same date, it reports outstanding \$496,000 of first mortgage 6 per cent bonds, due January 1, 1939, \$55,000 of notes payable and \$45,674.44 of accounts payable.

The company reports that it intends to use the proceeds from the additional \$100,000 of stock, for which application is now made, for the following purposes:

For the purchase and installation of 20,000 feet of 5-inch transmission mains	\$25,000 00
For the purchase and installation of 30,000 feet of 2-inch distribution mains	12,000 00
For the purchase and installation of 500 new services, meters and regulators	13,000 00
To refund a 90-day 7 per cent note representing moneys borrowed to pay for additions and betterments.....	20,000 00
To reimburse its treasury.....	22,500 00
Total	\$92,500 00

The company reports that since it acquired the properties of Central California Gas Company, and up to January 1, 1924, it had expended \$322,640.90 for extensions, additions and betterments to its plants and properties and that of this amount \$251,014.49 has been paid or provided for through the issue of stock and bonds heretofore authorized by the Commission, leaving a balance of \$71,626.41.

While the company asks permission to reimburse its treasury to the extent of \$22,500, it is of record that approximately \$11,000 of this amount represents reserve for accrued depreciation invested in properties; \$2,500 represents surplus earnings invested in properties and about \$9,000 represents accounts payable. F. W. Hunter, applicant's vice president, testified that the entire \$22,500 of proceeds would be used by applicant to liquidate outstanding indebtedness incurred for the purpose of making additions and betterments.

ORDER.

Central Counties Gas Company, having applied to the Railroad Commission for permission to issue and sell \$100,000 of stock, a public hearing having been held before Examiner Fankhauser and the Railroad Commission being of the opinion that the application should be granted as herein provided and that the expenditures herein authorized are not in whole, or in part, reasonably chargeable to operating expense or to income;

It is hereby ordered, that Central Counties Gas Company be and it is hereby authorized to issue and sell not exceeding \$100,000 of its common stock or \$100,000 of its preferred stock or such portion of either as it may elect to issue and sell in an aggregate amount not exceeding \$100,000.

The authority herein granted is subject to further conditions as follows:

1. The stock herein authorized to be issued shall be sold for cash at a net price of not less than 92½ per cent of par value and the proceeds used for the following purposes:

(a) For the purchase and installation of 20,000 feet of 5-inch transmission mains, approximately-----	\$25,000 00
(b) For the purchase and installation of 30,000 feet of 2-inch distribution mains, approximately-----	12,000 00
(c) For the purchase and installation of 500 new services, meters and regulators, approximately-----	13,000 00
(d) To refund the 90-day 7 per cent note in favor of Pacific Southwest Trust and Savings Bank, approximately-----	20,000 00
(e) To pay indebtedness and finance in part the cost of extensions, additions and betterments to applicant's plants and properties prior to January 1, 1924, approximately-----	22,500 00
Total -----	\$92,500 00

2. Applicant shall keep such record of the issue, sale and delivery of the stock herein authorized and of the disposition of the proceeds as

will enable it to file on or before the twenty-fifth day of each month a verified report, as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

3. The authority herein granted will become effective upon the date of this order. Under the authority herein granted no stock may be issued, sold or delivered after February 28, 1925.

Dated at San Francisco, California, this fourteenth day of March, 1924.

DECISION No. 13270.

IN THE MATTER OF THE APPLICATION OF PACIFIC GAS AND ELECTRIC COMPANY, A CORPORATION, FOR AN ORDER OF THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA AUTHORIZING APPLICANT TO ISSUE ELEVEN MILLION FIVE HUNDRED FIFTY-NINE THOUSAND DOLLARS FACE VALUE OF ITS GENERAL AND REFUNDING MORTGAGE GOLD BONDS AND TO DEPOSIT AND PLEDGE SAID BONDS WITH THE MERCANTILE TRUST COMPANY (SAN FRANCISCO) UNDER AND IN ACCORDANCE WITH THE PROVISIONS OF APPLICANT'S FIRST AND REFUNDING MORTGAGE DATED DECEMBER 1, 1920.

Application No. 9833.

Decided March 14, 1924.

C. P. Cutten, for Applicant.

BY THE COMMISSION.

OPINION.

In this application Pacific Gas and Electric Company asks permission to issue and deposit with Mercantile Trust Company (of San Francisco), trustee, under its first and refunding mortgage \$11,559,000 face value of its general and refunding mortgage 5 per cent gold bonds, due January 1, 1942.

Pacific Gas and Electric Company, pursuant to authority granted by the Commission in Decision No. 8724, dated March 10, 1921, executed its first and refunding mortgage. In this mortgage it agrees, among other things, that it will not issue and sell any additional general and refunding mortgage bonds but that such bonds, after certification, will be deposited with the trustee under the first and refunding mortgage or exchanged for underlying bonds pursuant to the terms of the general and refunding mortgage. Bonds thus pledged with the trustee under the first and refunding mortgage will be held by such trustee until such time as the general and refunding mortgage is discharged of record, at which time they will be canceled. Heretofore the Commission has authorized the issue and sale of \$50,720,000 of first and refunding mortgage bonds and the issue and pledge of \$33,640,000 of general and refunding mortgage bonds.

In support of the request to issue and pledge an additional \$11,559,000 of general and refunding mortgage bonds, applicant reports that since December 1, 1922, and prior to November 30, 1923, it had expended \$12,844,140.70 for additions and betterments against which no general and refunding mortgage bonds had been issued. Because of such expenditures and the provisions of its first and refunding mortgage, Pacific Gas and Electric Company asks at this time to issue \$11,559,000 additional of its general and refunding mortgage bonds.

ORDER.

Pacific Gas and Electric Company, having applied to the Railroad Commission for permission to issue and deposit \$11,559,000 of bonds, a public hearing having been held before Examiner Fankhauser, and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for through such issue and deposit of bonds is reasonably required by applicant for the purposes specified herein and that the expenditures for such purposes are not in whole, or in part, reasonably chargeable to operating expense or to income;

It is hereby ordered, that Pacific Gas and Electric Company be and it is hereby authorized to issue and deposit with the Mercantile Trust Company (of San Francisco), trustee, under its first and refunding mortgage, \$11,559,000 of its general and refunding mortgage bonds for the purpose of securing, in part, the payment of the bonds issued and sold under said first and refunding mortgage, such general and refunding mortgage bonds to be deposited under and pursuant to the provisions of the first and refunding mortgage, dated December 1, 1920.

The authority herein granted is subject to further conditions as follows:

1. Pacific Gas and Electric Company shall file with the Railroad Commission a verified report or reports as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

2. The authority herein granted to issue and pledge bonds will become effective upon the date hereof. Under the authority herein granted no bonds may be issued and deposited after June 30, 1924.

Dated at San Francisco, California, this fourteenth day of March, 1924.

DECISION No. 13271.

IN THE MATTER OF THE APPLICATION OF EL DORADO WATER CORPORATION, A CORPORATION, FOR AN ORDER AUTHORIZING THE ISSUE AND SALE OF ITS PREFERRED STOCK.

Application No. 9851.

Decided March 14, 1924.

E. W. Browne, for Applicant.

BY THE COMMISSION.

OPINION.

In this application El Dorado Water Corporation asks permission to issue and sell at not less than 92 per cent of par value \$45,000 of its 7 per cent preferred stock, for the purpose of financing the cost of extensions, additions and betterments to its plants and properties and of paying outstanding indebtedness.

The record shows that El Dorado Water Corporation during July, 1922, commenced the construction of a dam on the north fork of the Webber Creek, about six and one-half miles from Placerville, the cost of which, together with canals, tunnels and pipe lines was estimated at \$225,000. It is reported that up to the present time the dam has been constructed to a height of 90 feet, with a storage capacity of 2000 acre-feet; that outlet gates have been installed and the spillway built, and that in addition, 120 feet of pipe line have been put in place, a tunnel 1150 feet long finished, a ditch 7000 feet long completed, and a ditch 3000 feet long partially completed; and that a reservoir site of seventy acres and rights of way for the entire line have been purchased.

The testimony of R. W. Browne, applicant's assistant secretary, shows that approximately \$195,000 heretofore has been expended in constructing the Webber Creek project and that about \$30,000 additional will be needed to complete the work, it being necessary to construct about five miles of ditch line before the dam is ready for use. Of the \$30,000, it appears that \$16,000 will be expended to construct the ditch, \$2,250 to complete the ditch partially built, \$9,275 for pipe line, and \$2,475 for engineering and overhead. In addition to the \$30,000 for construction work, the application shows that the company intends to spend \$15,000 to pay amounts due for work done and materials purchased and \$10,000 to pay notes which represent indebtedness incurred for construction work.

It is to obtain a portion of the \$55,000 now reported by applicant as necessary to complete its Webber Creek development and to pay indebtedness that this application has been made for permission to issue and sell \$45,000 of stock. The company reports that it has received sub-

scriptions for the sale of \$25,000 of the stock at par and that it hopes to dispose of the balance of \$20,000 at not less than \$92 per share.

ORDER.

El Dorado Water Corporation, having applied to the Railroad Commission for permission to issue and sell stock, a public hearing having been held before Examiner Fankhauser, and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for through the issue and sale of such stock, is reasonably required by applicant for the purposes specified herein, and that the expenditures for such purposes are not in whole, or in part, reasonably chargeable to operating expenses or to income;

It is hereby ordered, that El Dorado Water Corporation be and it is hereby authorized to issue \$45,000 of its 7 per cent preferred stock and sell for cash at not less than par \$25,000 of said stock and at not less than 92 per cent of par value net, \$20,000 of said stock and to use the proceeds for the purpose of financing, in part, the cost of the construction work and of paying the outstanding indebtedness to which reference is made in the opinion which precedes this order.

The authority herein granted is subject to further conditions as follows:

1. Applicant shall keep such record of the issue, sale and delivery of the stock herein authorized and of the disposition of the proceeds as will enable it to file on or before the twenty-fifth day of each month a verified report, as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

2. The authority herein granted will become effective upon the date of this order, but will expire on December 31, 1924.

Dated at San Francisco, California, this fourteenth day of March, 1924.

DECISION No. 13276.

IN THE MATTER OF THE APPLICATION OF THE WESTERN PACIFIC RAILROAD COMPANY AND OF FRANKLIN V. SPOONER, ROBERT R. PARLOW AND JOHN C. RUED; AND OF HENRY E. COOPER, A. M. HUNT, JAMES D. PHELAN, GEORGE WHITTELL, DAVID R. FORGAN, I. DE BRUYN, C. LEDYARD BLAIR, FREDERICK H. ECKER, STARR J. MURPHY, ROBERT W. MARTIN, WILLIAM SALOMAN, AND RICHARD B. YOUNG, AS THE REORGANIZATION COMMITTEE CONSTITUTED BY THE PLAN AND AGREEMENT OF REORGANIZATION OF WESTERN PACIFIC RAILWAY COMPANY FOR AUTHORIZATION OF PROCEEDINGS PURSUANT TO SAID PLAN AND AGREEMENT OF REORGANIZATION.

Application No. 2351.

IN THE MATTER OF THE APPLICATION OF THE WESTERN PACIFIC RAILROAD COMPANY FOR AN ORDER AUTHORIZING THE ISSUE

OF THREE MILLION DOLLARS PRINCIPAL AMOUNT OF FIRST
MORTGAGE SIX PER CENT BONDS.

Application No. 7031.

Decided March 19, 1924.

BY THE COMMISSION.

NINTH SUPPLEMENTAL ORDER IN APPLICATION NO. 2351.

SECOND SUPPLEMENTAL ORDER IN APPLICATION NO. 7031.

The Western Pacific Railroad Company by Decision No. 3453, dated June 22, 1916, as amended by Decision No. 3505, dated July 12, 1916, was authorized to issue and sell \$20,000,000 of its first mortgage 5 per cent bonds and by Decision No. 9470, dated September 7, 1921, to issue and sell \$3,000,000 of its first mortgage 6 per cent bonds.

In a supplemental petition filed in the above entitled matters on February 29, 1924, the company reports that it has on hand \$41,349.30, obtained from the sale of the bonds authorized by Decision No. 3453, as amended, the expenditure of which the Commission has not yet authorized. In addition, it reports that it has on hand certain sums representing the unused balances of proceeds from the sale of bonds which the Commission has heretofore authorized applicant to use.

In Decision No. 9381, dated August 18, 1921, the Commission, among other things, authorized applicant to use \$450,000 of the proceeds from the sale of the bonds authorized by Decision No. 3453, as amended, to finance the cost of constructing a line of railway from Hawley to Davies Mill, known as the Calpine Branch. By Decision No. 10015, dated January 25, 1922, the company was authorized to use \$286,108.91 of proceeds from the sale of its bonds to finance construction expenditures incurred prior to October 31, 1921, and by Decision No. 12313, dated July 3, 1923, to use \$663,519.82 obtained from the bonds sold pursuant to Decision No. 3453, as amended, and \$303,142.52 obtained from the bonds sold pursuant to Decision No. 9470, to finance, in part, the construction expenditures incurred on or before January 31, 1923. The company reports that it has used \$412,876.83 of the \$450,000 of proceeds referred to in Decision No. 9381; \$194,654.54 of the \$286,108.91 of proceeds referred to in Decision No. 10015; and \$653,150.11 of the \$663,519.82 of proceeds from the bonds authorized by Decision No. 3453, as amended, and \$90,933.93 of the \$303,142.52 of proceeds from the bonds authorized by Decision No. 9470, referred to in Decision No. 12313 for the purposes indicated in those decisions.

The company asked the Commission to make an order at this time modifying Decisions No. 9381, No. 10015 and No. 12313 so as to permit it to use the unexpended balances and proceeds referred to in those decisions, together with the \$41,349.30 now on hand to reimburse its

treasury on account of moneys expended between December 1, 1922, and December 31, 1923, to pay for betterments, extensions and additions to its lines of railway, and for equipment, the cost of which is reported as follows:

Industrial and other tracks-----	\$301,199 42
Bridges, trestles and culverts-----	52,313 57
Water facilities-----	61,686 34
Total -----	\$415,199 33

The Commission has given consideration to applicant's request and believes it should be granted as herein provided; therefore,

It is hereby ordered, that the order in Decision No. 9381, dated August 18, 1921, be and it is hereby amended so as to permit the use by The Western Pacific Railroad Company of \$412,876.83 of the \$450,000 of proceeds referred to therein, to finance, in part, the cost of the Calpine Branch and the use of the remaining \$37,123.17 of such proceeds to finance, in part, the cost of the betterments, extensions and additions of \$415,199.33 referred to herein, and to reimburse its treasury on account of such expenditures.

It is hereby further ordered, that the order in Decision No. 10015, dated January 25, 1922, be and it is hereby amended so as to permit the use by The Western Pacific Railroad Company of \$194,654.54 of the \$286,108.91 of proceeds referred to therein, for the purposes indicated in said decision and the use of the remaining \$91,454.37 to finance, in part, the cost of betterments, extensions and additions of \$415,199.33 referred to herein, and to reimburse its treasury on account of such expenditures.

It is hereby further ordered, that the order in Decision No. 12313, dated July 3, 1923, be and it is hereby amended so as to permit the use by The Western Pacific Railroad Company of \$653,150.11 of the \$663,519.82 of proceeds obtained from the sale of the bonds authorized by Decision No. 3453, dated June 22, 1916, as amended, referred to therein, for the purposes indicated in said Decision No. 12313, and the use of the remaining \$10,369.71 to finance, in part, the cost of the betterments, extensions and additions of \$415,199.33 referred to herein, and to reimburse its treasury on account of such expenditure.

It is hereby further ordered, that Decision No. 12313, dated July 3, 1923, be and it is hereby further amended so as to permit the use by The Western Pacific Railroad Company of \$90,933.93 of the \$303,142.52 of proceeds obtained from the sale of the bonds authorized by Decision No. 9470, dated September 7, 1921, referred to therein for the purposes indicated in said Decision No. 12313, and the use of the remaining \$212,208.59 of such proceeds to finance, in part, the cost of the betterments, extensions and additions of \$415,199.33 referred to herein, and to reimburse its treasury on account of such expenditures.

It is hereby further ordered, that the order in Decision No. 3453, dated June 22, 1916, as amended, be and it is hereby further amended so as to permit The Western Pacific Railroad Company to use \$41,349.30 of the proceeds obtained from the sale of the bonds authorized by said decision for the purpose of financing, in part, the cost of the betterments, extensions and additions of \$415,199.33 referred to herein and to reimburse its treasury on account of such expenditures.

It is hereby further ordered, that the order in Decision No. 3453, dated June 26, 1916, as amended, and the order in Decision No. 9470, dated September 7, 1921, as amended, shall remain in full force and effect, except as modified by this supplemental order.

Dated at San Francisco, California, this nineteenth day of March, 1924.

DECISION No. 13280.

IN THE MATTER OF THE APPLICATION OF THE PALM VALLEY WATER COMPANY FOR AN ORDER AUTHORIZING THE SALE OF TREASURY STOCK.

Application No. 9804.

Decided March 19, 1924.

F. M. Wickizer, for Applicant.

BY THE COMMISSION.

OPINION.

In this application Palm Valley Water Company asks permission to issue and sell 500 shares of its capital stock of the aggregate par value of \$10,000, for the purpose of paying indebtedness and of financing the cost of additions and betterments.

Palm Valley Water Company is engaged in supplying water for domestic uses in and about Palm Springs in Riverside County. The company has an authorized capital stock of 2500 shares of the par value of \$20 each, or a total par value of \$50,000, of which \$36,157.50 is reported outstanding at present. Applicant has no bonded debt, but reports outstanding approximately \$4,000 of current indebtedness, of which \$2,000 represents moneys advanced to provide for the improvement and maintenance of applicant's service and for the repair and replacement of lines, reservoirs and ditches, and approximately \$2,000 represents moneys advanced by consumers to pay for service extensions.

Applicant asks permission to issue and sell the \$10,000 of stock at \$15 a share, or on a basis of 75 per cent of par value. It proposes to use \$4,000 of the proceeds to pay the indebtedness to which reference is herein made, and to use the remaining \$3,500 of proceeds to pay the cost of constructing a storage and pressure reservoir and of installing

approximately 1000 feet of 6-inch steel pipe. The proposed reservoir will be built of concrete and rock foundation and walls with steel roof, intake settling compartment, drainage gate and outlet pipe for the main line of 6-inch riveted steel pipe to connect with the present 4-inch steel pipe. The reservoir will be 50' x 50' x 9' in dimension and will have a capacity of not less than 150,000 gallons.

Applicant reports that the construction of the reservoir will enable it to maintain a more regular pressure and that it will be necessary, on account of drought conditions, to hold and conserve the flow of water in order to meet the demand during the summer months. The company is of the opinion that \$3,500 will be adequate to provide for the construction of the reservoir and the installation of the pipe line.

F. M. Wickizer, applicant's president, testified that arrangements had been made to sell the \$10,000 of stock herein applied for at 75 per cent of par value. Ordinarily this Commission does not look with favor upon the issue of stock at a price as low as that proposed by applicant. Reports filed by Palm Valley Water Company indicate that the company's operations have been conducted at a loss, that no dividends have been paid on the outstanding stock and that up to December 31, 1923, assessments of \$16,544.75 had been levied and paid. It appears that the present sale of stock will be made to residents and landowners of Palm Valley who apparently are familiar with applicant's operations and who are willing to buy stock to enable applicant to give more adequate service. Under these circumstances, we are willing to authorize the issue of stock at this price, it being understood, however, that the granting of the application is not to be considered as binding this Commission to authorize hereafter the issue of stock by applicant, or by any other company, at such price.

ORDER.

Palm Valley Water Company, having applied to the Railroad Commission for permission to issue stock, a public hearing having been held before Examiner Williams and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for by such issue is reasonably required by applicant and that the expenditures herein authorized are not in whole, or in part, reasonably chargeable to operating expenses or to income and that this application should be granted as herein provided; therefore,

It is hereby ordered, that Palm Valley Water Company be and it is hereby authorized to issue and sell at not less than \$15 per share, 500 shares of its common capital stock of the aggregate par value of \$10,000 and to use the proceeds for the purpose of paying the outstanding indebtedness and of financing the cost of additions and better-

ments to which reference is made in the opinion which precedes this order.

The authority herein granted is subject to further conditions as follows:

1. Palm Valley Water Company shall keep such record of the issue, sale and delivery of the stock herein authorized and of the disposition of the proceeds as will enable it to file on or before the twenty-fifth day of each month, a verified report, as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

2. The authority herein granted to issue stock will become effective upon the date of this order but will expire on December 31, 1924.

Dated at San Francisco, California, this nineteenth day of March, 1924.

DECISION No. 13284.

IN THE MATTER OF THE APPLICATION OF THE REDWOOD CITY WATER COMPANY TO SELL AND THE TOWN OF REDWOOD CITY TO BUY THE WATER PLANT OF THE REDWOOD CITY WATER COMPANY.

Application No. 9876.

Decided March 19, 1924.

BY THE COMMISSION.

ORDER.

Redwood City Water Company, a corporation, having applied to this Commission for authority to sell its public utility water system to the town of Redwood City, which joins in the application; and it appearing that this is not a matter in which a public hearing is necessary, and that the application should be granted;

It is hereby ordered, that Redwood City Water Company, a corporation, be and it is hereby authorized to sell to the town of Redwood City all that certain public utility property described in Exhibit "B" attached to this application, subject to the following conditions:

1. Within thirty (30) days from the date hereof, a certified copy of the instrument of conveyance shall be filed with this Commission by Redwood City Water Company.

2. Within ten (10) days from the date on which Redwood City Water Company actually relinquishes control and possession of the property herein authorized to be sold, it shall file with this Commission a certified statement indicating the date upon which such control and possession was relinquished; or, if the town of Redwood City is already in posses-

sion of the property, Redwood City Water Company shall file with the Commission, within ten (10) days of the date of this order, a certified statement indicating the date of such relinquishment.

Dated at San Francisco, California, this nineteenth day of March, 1924.

DECISION No. 13285.

IN THE MATTER OF THE INVESTIGATION BY THE COMMISSION ON
ITS OWN MOTION INTO THE REASONABLENESS OF THE RATES
OF THE HANFORD GAS AND POWER COMPANY.

Case No. 1807.

Decided March 19, 1924.

BY THE COMMISSION.

SECOND SUPPLEMENTAL ORDER.

WHEREAS, in Decision No. 11096 (22 C. R. C. 394), in the above entitled matter, this Commission provided, with reference to Schedule No. 1 of Hanford Gas and Power Company, that such rates would be subject to decrease on the basis of 3 cents per 1000 cubic feet for each 10 cents decrease in the cost of oil below the price of \$1.50 per barrel f. o. b. Hanford upon order of the Railroad Commission; and

WHEREAS, the Commission has heretofore reduced these schedules by 5 cents per 1000 cubic feet, by reason of a decrease in the cost of oil to \$1.35 per barrel; and

WHEREAS, Hanford Gas and Power Company now makes affidavit that on March 1, 1924, the price paid for oil was increased to \$1.60 per barrel f. o. b. Hanford;

It is hereby ordered, that Hanford Gas and Power Company be and it is hereby authorized to increase its rates for gas, effective for all regular meter readings taken on and after April 1, 1924, to the basic Schedule No. 1, set forth in Decision No. 11096, which are the rates to be charged and collected for gas service rendered by it in the city of Hanford and vicinity when the price paid for oil is \$1.50 per barrel, or over, f. o. b. Hanford.

It is hereby further ordered, that Hanford Gas and Power Company, in case it elects to exercise this privilege, file with the Commission on or before April 1, 1924, a revision of its schedules as herein authorized.

Dated at San Francisco, California, this nineteenth day of March, 1924.

DECISION No. 13297.

PACIFIC PORTLAND CEMENT COMPANY, CONSOLIDATED, A CORPORATION,

vs.

SOUTHERN PACIFIC COMPANY, A CORPORATION,
IN THE MATTER OF PETITION OF PACIFIC PORTLAND CEMENT COMPANY, CONSOLIDATED, FOR AN ORDER INSTITUTING AN INVESTIGATION ON THE COMMISSION'S OWN MOTION AND SUSPENDING RATES.

Case No. 1644.

PACIFIC PORTLAND CEMENT COMPANY, CONSOLIDATED,

vs.

CENTRAL CALIFORNIA TRACTION COMPANY, SOUTHERN PACIFIC COMPANY, SACRAMENTO NORTHERN RAILROAD COMPANY.

Case No. 1648.

IN THE MATTER OF THE INVESTIGATION OF CEMENT RATES OF THE ATCHISON, TOPEKA AND SANTA FE RAILWAY COMPANY, BAY POINT AND CLAYTON RAILROAD COMPANY, CALIFORNIA CENTRAL RAILROAD COMPANY, CEMENT, TOLENAS AND TIDEWATER RAILROAD COMPANY, SACRAMENTO NORTHERN RAILROAD, SOUTHERN PACIFIC COMPANY, WESTERN PACIFIC RAILROAD COMPANY.

Case No. 1774.

Decided March 19, 1924.

RATES—RAILROAD.—Proposed reduced rates applying to cement, earloads, from Davenport and San Juan to Sacramento and points north and east thereof, and to other named points, not found justified.

FINDINGS OF ORIGINAL REPORT.—Decision No. 12216, June 19, 1923, sustained. Rates reasonably compensatory and not unduly prejudicial prescribed.

SUPPLEMENTAL OPINION AND ORDER.

The original opinion in this case is covered by our decision, No. 12216, June 19, 1923.

In that opinion we said:

After a careful examination of all the facts of record we have reached the conclusion and so find, that a difference in the rates between the northern and southern mills at Sacramento of \$1.20 would more nearly reflect the difference in the transportation costs as between the two groups than the proposed differential of \$1 would preserve to the northern mills the advantage of their location and, at the same time, would give to the cement users in the Sacramento Valley the benefits of such competition as may exist in the cement trade where a difference in rate prevails as between two producing territories.

We will not enter an order at this time fixing the differential at all points, but the defendant carriers will be expected within sixty (60) days, to submit for our approval a proposed adjustment of future rates from the four northern California mills into the Sacramento Valley and points north and east thereof which will establish at Sacramento a spread between the two groups, northern and southern, of producing mills of \$1.20 per ton, the same to be narrowed with the increase in distance so as to gradually blend and harmonize with the interstate adjustment in effect at Oregon and Nevada points.

Under date, August 15, 1923, the Southern Pacific Company, in compliance with the Commission's opinion, presented a schedule of the proposed rates on cement, carloads, from Davenport and San Juan. Copies of this tentative adjustment were submitted to all the interested parties, who, failing to agree with the defendants' proposed rates, made protest against the establishment of the same.

The first case, No. 1644, was filed July 30, 1921, by the Pacific Portland Cement Company, who alleged that the certain rates published by the Southern Pacific Company, to become effective August 24, 1921, for the transportation of cement from Davenport and San Juan to various points within the State of California, would create undue and unreasonable preferences in favor of complainants' competitors at Davenport and San Juan, and subject complainants to great prejudice, disadvantage and discrimination. The Commission was asked to suspend the rates and to investigate the reasonableness thereof.

Case No. 1648 was filed August 16, 1921, by the *Pacific Portland Cement Company vs. Central California Traction Company, Southern Pacific Company, and Sacramento Northern Railroad Company*, and involved the same rates in connection with the tariffs of Pacific Freight Tariff Bureau.

Case No. 1774 was filed June 7, 1922, being an investigation on the Commission's own motion, and involving all of the carriers interested in the situation.

The cases were submitted on a very complete record July 15, 1922, were briefed by the parties, the final brief received February 23, 1923, and were orally argued before the Commission en banc March 19, 1923.

In addition to these formal proceedings there were informal conferences represented by all parties, but these informal conferences were not productive of results and nothing of a concrete or agreed solution of the situation was suggested by any two of the litigants.

We have made a further careful study of this voluminous record and conclude that with all of the testimony, exhibits, briefs and oral arguments that an adjustment and positive order can now be promulgated without a reopening of the proceeding.

The following extracts from Decision No. 12216 will be helpful in reaching a final conclusion:

Since cement prices are generally based upon the mill price, plus freight from the nearest mill, the location of the Pacific Company gives it an advantage in the Sacramento Valley of which it is unwilling to be deprived through the fixation of a rate adjustment from its competitors' mills which does not properly reflect the difference in transportation conditions as between the two groups of mills. The Sacramento Valley territory is an important consuming section. The manager of the Santa Cruz Company testified (Tr. 78) that in the order of their importance the primary markets for the distribution of cement in northern California are: San Francisco and the bay territory; Sacramento Valley, north and east, and the San Joaquin Valley. The northern and southern cement mills are on a rate parity in the San Francisco territory, which is blanketed from San Jose to Richmond. The

rates now in effect to the San Joaquin Valley territory, while not directly involved in that proceeding, were recommended by us in our decision in Case No. 232, decided on October 25, 1912. We there said (1, C. R. C. 800-815) :

"Recommendations of the Commission * * * :

4. Many informal complaints have been made to the Commission concerning excessive cement rates between the mills of northern and southern California and San Joaquin Valley points. We have made a careful study of this situation and suggest to the carriers that the following rates from various cement plants to points in the San Joaquin Valley be published."

The adjustment there suggested or recommended provides a basis of rates from Davenport 20 cents per ton higher than from Cement, Cowell and Napa Junction, the haul from Davenport being approximately 40 miles greater than the average distance from the three other mills. This basis was established by the carriers in conformity with our recommendations and is in effect today as modified by General Order No. 28 of the Director General of Railroads, by our action of August 26, 1920, and the general reductions made effective in the summer of 1922, but because of the manner of changing the rates and the disposition of fractions the differentials in the San Joaquin Valley remain practically the same, being 20 cents per ton at most points. The rates from both the northern and southern mills to points on the Coast Line of the Southern Pacific, are, generally speaking, but with some exceptions, on a mileage basis, thus giving the southern mills a rate advantage in that territory, the same as is now enjoyed by the Pacific Company at points in the Sacramento Valley. The consumption of cement in this territory, however, is inconsequential as compared with the consumption in the three other territories referred to. It will be seen, therefore, that both groups of mills are on a rate parity in the San Francisco territory; that the northern mills have the advantage over the southern mills in the two next most important consuming territories and that the southern mills have the advantage only in the territory of lowest consumption, along the coast division of the Southern Pacific.

Getting down to the fundamentals of the case, the question which all parties to the record wish us here to determine is how much more shall the southern mills pay than the northern mills to any given destination in the Sacramento Valley or points north and east thereof? Taking Sacramento as the key point, the present differential is \$1.50 and the proposed differential \$1. The southern mills stand solidly behind the Southern Pacific in its proposal to reduce the existing differentials, but the Pacific Company takes the position that the differential of \$1.50 at Sacramento is fair today. The more the southern mills are obliged to absorb in the Sacramento Valley, the greater the advantage in that territory of the northern mills, and that is their real interest in this proceeding.

The position of the Southern Pacific is that its rates from the northern mills are not more than reasonable and that the proposed rates from the southern mills are less than reasonable, but are necessary to enable the southern mills to compete.

The whole proceeding resolves itself into the question: Shall the defendant be permitted to establish rates which will fairly place the producing cement mills at Davenport and San Juan on a competitive basis in a consuming market with other producing points?

In a very early decision, dated April 17, 1896, involving coal rates, the courts in dealing with a question of competition, *I. C. C. vs. L. & N. R. Co.*, 73 Fed. 409-19-20, said:

The carrier's business is one which involves so many considerations, and the necessity of taking into account so many conditions, that questions of this kind do not admit of any rigidly theoretical rules in their solution. It must be kept in mind, too, that the carrier's business of transporting goods involves the rights of, and the necessity of doing justice to, three parties. The interest of the seller at the point of departure, the rights of the carrier, and the rights or interest of the trader or consumer at the point of delivery are all concerned in a given transaction, and must be duly considered by a tribunal or court in the decision of any case involving the carrier's freight tariff * * *. And in referring to "trader" in this connection, either at the one point or the other, it is intended to use the word

in a representative sense, as including all persons interested in the production and sale of a commodity at the point of departure of the goods, and all persons interested as dealers or consumers at the point of delivery. It was at one time thought doubtful whether the interests of the railway could be taken into account at all, but it is now established that they can be.

There is also, besides the parties named, the interest of the public concerned in a traffic question like this. The public at large are greatly interested in competition, with the more favorable prices which it brings, and, for that purpose, in keeping open the larger markets of the country to all points of production and supply. It is obvious, therefore, that in judicial action upon the question of rates the effect of the ruling must be closely observed, as it thus falls in different directions, and upon different interests, and no one particular interest can properly be considered to the exclusion of others.

It thus appears beyond question, without reference to further authorities, that, in every case where a difference in the rates between two points of shipment is the ground of complaint, a leading and important element in the determination of the question is that of competition or want of competition. It is entirely apparent, too, that other practical conditions are to be taken into account, and that the mileage, while a circumstance to be considered with all the other facts and conditions, is by no means controlling or the most important. As early as 1872 it had been fully demonstrated in England that equal mileage as a basis for settling the difficulty was entirely impracticable.

The following quotations from Interstate Commerce Commission decisions are in harmony with the foregoing citations; 8, I. C. C. 608-28, Dec. 27, 1900:

We must not be understood as saying that cost of transportation alone controls. What we do say is that in this case distance alone can not control. These rates can not be made with a yardstick. Commercial conditions and physical conditions and the condition of the carriers themselves must be considered.

18, I. C. C., 403-407, May 9, 1910:

Differentials between competing coal mines to various markets of consumption can not be established upon distance alone; nor can one case be safely made the precedent for another. Much depends upon competitive conditions, and each situation must be considered and disposed of by itself.

19, I. C. C., 71-75, June 10, 1910:

No jobbing point is entitled, because of unfair adjustment of rates, to exclusive possession of or complete supremacy in a particular consuming territory. A carrier may not, by the establishment and maintenance of unreasonable rates, give possession of a consuming territory to the jobbers at a point selected or favored by the carrier. Jobbers are shippers, and every shipper is entitled to reasonable rates. Every locality is entitled to reasonable and nondiscriminatory rates, and the dealers at any point are entitled to trade wherever and as far as reasonable rates will permit.

68, I. C. C., 665-72, May 18, 1922:

Returning to the question of principle raised by respondents, we have no hesitation in conceding that carriers may properly make rates to meet competitive conditions, so long as such rates are reasonably compensatory and so long as they do not give rise to undue prejudice or preference.

77, I. C. C., 228-30, Jan. 26, 1923:

Proposed reduced rates on refined petroleum from points in the Houston-Beaumont-Port Arthur group of Texas to Chicago, St. Louis, Kansas City, and other points in western trunk-line territory found justified.

Proposed reduced proportional rates on refined petroleum and on crude and fuel oils from the same points of origin to New Orleans, Baton Rouge and North Baton Rouge, La., for beyond, found justified.

The main objection of protestants to the proposed reduction from the Beaumont group is based on the distance from that group greater by approximately 200 miles than from the Shreveport-Eldorado group. But the history hereinbefore recited of the rate adjustment on petroleum and its products from the entire southwestern territory discloses that while the rates may have been established originally with some regard for distance, competition between the producing districts has now become so potent an influence that distance is being largely disregarded.

Competition is regarded as highly necessary in the development of a community, for it stimulates trade and tends to create commerce for a better distribution of commodities. The products of California are very diversified and, therefore, rates should be such in volume as will enable the producers, whether their product be cement, lumber, grain, fruits, vegetables or any similar commodity, to sell on a competitive basis with one another in the consuming markets. The opportunity to buy in a widely extended market is a valuable one, in that it presents a larger field for competition and ordinarily offers the best quality at the lowest prices.

Carriers have a right to establish rates which will not circumscribe, but which will encourage and foster the movement of manufactured articles and products of the soil, but carriers can not establish rates so low that they will not give to producing points the advantages of their geographical location, nor publish rates which will place a distant producing point on an equality with a point geographically located near a consuming market, but the carriers may establish reasonable compensatory rates which will place a producing point on a competitive basis.

The controversy involving these cement rate adjustments from the different producing mills to the consuming territory—Sacramento, north and east thereof, was first brought to our attention, informally June 8, 1915, file I. C. C. 6221. At that time the Davenport mill demanded a 40-cent differential at Sacramento, the Southern Pacific Company suggested 75 cents, while the northern mills contended that the then differential of \$1.20 should be maintained. Because of the changes forced by the world war the informal discussions were not brought to a conclusion and nothing further was done until the attempted readjustment of the rates which resulted in these proceedings.

There have been many and important changes in the tariffs and rates since 1915, but it will not be profitable to here review the adjustments in detail.

On June 24, 1918, the rate on cement from Davenport to Sacramento was \$1.20 per ton higher than from the northern mills (Cement and Cowell). By General Order No. 28, effective June 25, 1918, all cement rates in the United States were increased 40 cents per ton, resulting in no increase in the difference of these cement rates. Effective August 26, 1920, all cement rates were increased 25 per cent. This changed the difference in the rates at Sacramento to \$1.50 per ton; on July 1, 1922, all rates were reduced by approximately 10 per cent, which reduction, by reason of the rule disposing of fractions, made the difference \$1.40 per ton, where it remains today, or 20 cents per ton higher than at the beginning of the world war.

In the San Joaquin Valley territory the rates from Davenport were 20 cents per ton higher than from Cement and Cowell. The rates underwent the same changes as outlined in connection with the Sacramento

rates, but by reason of the disposition of fractions the difference in the rate is again 20 cents per ton at most points.

The cement rates from all of the mills to San Francisco have always been on a parity and while the volume of the rate increased during the war period there is no difference in charges from the four mills.

Much was said in the proceeding now before us about the cost of handling the lime rock from Flint to Tolenas, used by the Pacific Portland Cement Company in its mill at Cement. At the beginning of the world war this rate was 50 cents per ton, it became 70 cents, June 25, 1918; 90 cents, August 26, 1920; 70 cents, July 13, 1921; 60 cents, July 1, 1922, and 50 cents, March 8, 1923; this last change being to the prewar basis.

In Increased Rates 1920, Application No. 5728, August 17, 1920, 18, C. R. C. 646-54, we said:

Adjustments will be necessary and carriers will be expected to deal promptly and effectively therewith, to the end that such readjustments may be made in as many instances as practicable without forcing an appeal to this Commission.

The instant case presents such a situation. The testimony is that, except in unusual situations, there is no movement from Davenport to Sacramento and to the adjacent territory under the present rates.

This case is one not to be decided on technical theories, but as a practical proposition in which the interests of all the parties and the existing conditions must be considered.

The carriers now have rates to San Joaquin Valley points recommended by this Commission in 1912, and voluntarily established by the carriers with a difference of 20 cents per ton. We find no reason why the prewar difference in rates should not be restored at this time for the Sacramento territory.

The result of all these readjustments has been to restore, except at Sacramento and the valley points, the prewar conditions so far as the differences in rates are concerned. San Francisco and the bay territory are on a rate parity from all mills. The difference in rates from all mills to San Joaquin Valley points is, with but few exceptions, on the original basis of 20 cents per ton, and the lime rock rate from Flint to Tolenas has been restored to 50 cents per ton.

As stated in the original opinion, the record here before us does not justify any conclusion as to the reasonableness *per se* of the cement rates and we are not now passing upon this question. The suspended rates proposed by the Southern Pacific Company are alleged to be less than normal and published to meet existing conditions. They may be rates which this Commission could not compel a carrier to publish but, being reasonably compensatory under all the conditions, should be permitted to go into effect with certain modifications.

At the time this proceeding was commenced, the difference in rates at Sacramento was \$1.50 per ton. It has since been reduced to \$1.40 and carriers have proposed a difference of \$1.

Our conclusion upon the whole record is that the carriers should be permitted to publish reduced rates to Sacramento and the other points.

In a proceeding such as this investigation, it is obviously impracticable to prescribe rates to all points. The general purpose, however, has been served by the specific rates authorized, leaving the minor adjustments to be worked out by the defendants.

The rates to branch line points now under suspension and not specifically named herein, to be same differential between Tolenas and Davenport rates as exists at the main-line junctions.

All carriers defendant, according as they participate in the transportation, shall publish in proper tariffs, local or joint, the rates herein authorized.

The rates named in the following table, which rates we find to be reasonably compensatory and not unduly prejudicial, discriminatory or otherwise unlawful, making a difference of \$1.20 at Sacramento (the prewar difference) and grading out at the more distant points, afford a consistent and equitable adjustment:

From Davenport and San Juan to—

Sacramento -----	*14	Gimbal -----	22	Milton -----	13½
Charles -----	18½	Gerber -----	22½	Farmington -----	11½
Freeport -----	18½	Blunt -----	25	Cometa -----	12
Cronin -----	19½	Anderson -----	26	Adela -----	12½
Walnut Grove -----	19½	Middle Creek -----	27½	Oakdale -----	13½
		Morley -----	28	Waterford -----	14
		Elmore -----	28½	Hickman -----	14½
Ramona -----	18	Antler -----	30	Montpeller -----	16
Manlove -----	19	Delta to Cole, incl.	30	Ryer -----	16
Mills -----	20			Arundel -----	16
Citrus -----	21½	Tolenas -----	13½	Amsterdam -----	16
Fair Oaks -----	21½	Vanden -----	13½	Nalra -----	16
Nimbus -----	21½	Elmira -----	13½		
Alder Creek -----	21½	Vacaville -----	13½	Army Point -----	13½
Folsom Junction -----	21½	Violet -----	17½	Sulsun-Fairfield -----	13½
Folsom -----	21½	Hartley -----	17½	Subeet -----	13½
White Rock -----	22½	Allendale -----	17½	Napa Junction -----	13½
Brandon -----	23½	Wolfskill -----	17½	Flosden -----	13½
Bennett -----	24½	Rumsey -----	17½	South Vallejo -----	13½
Cummings -----	26			Middleton -----	13½
Diamond Springs -----	26	Batavia -----	*13½	Union -----	14½
Placerville -----	26	Davis -----	*13½	West Napa -----	13½
		Merritt -----	*14	Carneros -----	13½
Hopten -----	17	Garie -----	17½	Oak Knoll -----	14½
Elvas -----	17	Peart -----	17½	Yountville -----	15½
Enwood -----	16	Laugenour -----	17½	Rutherford -----	16
Bowman -----	17½	Yuba City -----	17½	St. Helena -----	17
Cape Horn -----	22	Elvaton -----	17½	Krug -----	17
Gold Run -----	22½	Ronda -----	17½	Larkmead -----	17½
Dutch Flat -----	23½	Cortena -----	19½	Calistoga -----	17½
Blue Canyon -----	24½	Willows -----	19½		
Yuba Pass -----	25	Lyman -----	22	Squab -----	13½
Farad -----	25	Wyo -----	22	Merazo -----	13½
Mystic -----	25	Malton -----	22	Shellville Junction -----	14½
		Richfield -----	22	Snyder -----	15½
Whitney -----	17½			Eldridge -----	16
Marysville -----	17½	Chiles -----	*14	Wildwood -----	17
Berg -----	21	Washington -----	*14	Oleson -----	17½
Fagan -----	22			Baku -----	18
Chico -----	22	Waverly -----	13½	Santa Rosa -----	18

*Applies only via Sulsun-Fairfield.

ORDER.

These cases being at issue upon complaints and answers on file, having been duly submitted by the parties, the Commission having made and conducted an investigation upon its own motion, full investigation of the matters and things involved having been had, and the Commission being fully apprised in the premises and basing its order on the findings of fact which are contained in the opinion which precedes this order;

It is hereby ordered, that the defendants, according as they participate in the transportation, be and they are hereby authorized and directed to establish on or before twenty (20) days from the date of this order upon notice to this Commission and to the general public, by not less than five (5) days' filing and posting, in the manner described in section 14 of the Public Utilities Act, and thereafter to maintain and apply to the transportation of cement in straight carloads, rates as set forth in the opinion immediately preceding this order, and which are hereby made a part of this order.

Dated at San Francisco, California, this nineteenth day of March, 1924.

C. L. SEAVEY,
IRVING MARTIN,
EGERTON SHORE,
J. T. WHITTLESEY,
Commissioners.

DISSENTING OPINION.

I am unable to agree with the conclusions contained in the majority opinion. My objection does not run to the manner of the application of the differential of \$1.20 a ton in cement rates between the northern and southern groups of mills into the Sacramento territory, but rather to the necessity or desirability of disturbing the existing relationship between rates. In other words objection goes back to Decision No. 12216, for which I bear my full share of responsibility, but which, in view of the facts as I now understand them, I believe to have been in error.

In the original case the Southern Pacific Company had proposed a new schedule reducing rates on cement from the more distant southern mills at San Juan and Davenport to Sacramento and points east and north thereof. No reduction was proposed in rates from the nearer northern mills at Cement and Cowell. The proposed reduction from the southern mills would result in establishing a difference between rates from southern and northern mills of \$1 a ton, whereas the differential at this time is \$1.40. The nearer northern mills protested, whereupon the Commission suspended the rate and set the com-

plaints down for hearing. At the original hearing it was urged that the proposed differential of \$1 was necessary to enable the more southerly mills to do business in the Sacramento territory, but the Commission found that a differential of \$1.20, a figure half-way between the present and the proposed differential, would prove sufficient.

In Decision No. 12216 the Commission said:

The Southern Pacific is here propounding a basis of rates from the southern mills which in the judgment of its traffic officials will enable the southern mills to compete in the Sacramento Valley, not on a rate parity with the northern mills, but which will enable them *in a measure to overcome their disadvantage of location* and compete more actively with the northern mills than they are able to do under the differentials now in effect.

It was admitted by counsel for one of the southern mills that if the proposed rate was to be measured solely by mileage, or solely by cost, or solely by a combination of cost and mileage, the proposed rates from the southern mills were too low as compared with rates from the northern mills. Counsel for the Southern Pacific sought to justify the proposed reduction from southern mills and the failure to grant a similar reduction to the northern mills upon the ground of market competition.

The sort of market competition here referred to does not necessarily mean that the user of cement in the Sacramento territory will be able to supply his needs at a lower price, but that the southern mills will be enabled to lay down their commodity there at a lower cost than heretofore. At the same time the northern mills, upon which this territory in the past has and in the future must largely depend for the bulk of its supply, will not receive such rate reduction. Therefore, there will be no incentive or reason for a price reduction by the northern mills and the price fixed by the nearby northern mills must have a strong if not wholly controlling influence upon cement prices in the Sacramento territory so long as other conditions remain as they now are. The practical result of the proposed reduction in rates from the southern mills only will be that on the comparatively small amount of cement which the southern mills will ship into the Sacramento territory, they will be required to absorb from their profits a smaller freight bill than formerly with little, if any, corresponding benefit to the cement buying public.

While one of the many matters to be considered in rate fixing is the ability of the producer to reach as wide a market as possible, this element alone is not controlling, nor indeed is it even persuasive, if in attaining such end, there results undue preference or disadvantage between shippers or localities, or if it places an undue burden upon other shippers. It seems to me that undue weight has been placed upon the desire of the southern mills to secure a wider market and that the

proposed rates comes perilously near, if they are not wholly discriminatory, both between persons and places.

I am of the opinion that when, as here, there has existed for a long period of years, certain relationships between rate structures, and when these rates, under changing economic conditions, have been subject to both flat and percentage increases and percentage decreases, leaving the relationship between them substantially the same, and when under these conditions the industry as a whole has prospered, the public has been served, and rival concerns have developed successful business enterprises, the presumption as to the fairness of those relationships is so strong that in the absence of convincing testimony to the contrary, the Commission should be slow in authorizing a change. So far as I have been able to see, there seems in this case an entire absence of any sufficient reason why rates should be lowered for distant mills which in any event, may expect to sell but a limited amount of cement in the Sacramento territory, while rates from the nearby mills into the same territory remain as they now are.

In the past, rates from both groups of mills have advanced simultaneously. The first advance during the period of government administration was a flat increase. Thereafter there were percentage increases and percentage decreases. With every percentage increase or decrease, the amount of the differential, expressed in cents, changed. Except under peculiar and unusual circumstances, which do not appear to be present here, the differential expressed in cents properly, should change when percentage increases or decreases are made necessary by changing economic conditions.

The differential here referred to, being merely the difference between rates from two points into the same territory, is merely an incidental and more or less unimportant result of raising or lowering rate schedules. To make or adjust rates with the intent and for the sole purpose of producing or maintaining a certain fixed or unchanging difference in cents, appears to me to be an illogical method of rate making. It is an attempt to make a result appear to be a cause. If, when economic conditions warrant a percentage increase or decrease in certain commodity rates, we must increase only some of these rates or decrease only some others in order to maintain a fixed differential expressed in cents, then it requires only a little figuring to determine that under marked and sudden economic fluctuations there may be obtained some weird and peculiar rates. Under such scheme necessary increases would not bear alike upon all shippers of the same commodity, nor would all share alike in the benefits of possible reductions. To pursue this phase of the subject further seems to be unnecessary.

What I particularly object to in the majority opinion, is the assumption that since the difference in rates to Sacramento Valley points

before the war was \$1.20 a ton, there is to be found in that fact some warrant for now lowering the rate from only one group of mills so as to bring about exactly the same difference without reducing all cement rates to the figures that prevailed before the war. If we could have prewar rates then we properly should have prewar differentials. Lacking the first we can not have the other without coming dangerously near the line of permitting the charging of a preferential rate, which is prohibited by law.

Dated at San Francisco, California, this nineteenth day of March, 1924.

H. W. BRUNDIGE, *Commissioner*.

DECISION No. 13301.

IN THE MATTER OF THE APPLICATION OF HODGE TRANSPORTATION SYSTEM, A CORPORATION, FOR AUTHORITY TO ISSUE PREFERRED STOCK.

Application No. 8406.

Decided March 22, 1924.

BY THE COMMISSION.

FIRST SUPPLEMENTAL ORDER.

The Railroad Commission by Decision No. 11507, dated January 16, 1923, authorized Hodge Transportation System to issue \$250,000 of its 7 per cent preferred stock of which \$100,000 might be sold at not less than 85 per cent of par value, for the purpose of paying outstanding indebtedness, and \$150,000 might be sold only at such price and for such purposes as the Commission might indicate in supplemental orders.

Applicant now asks permission to issue and sell at par \$50,000 of the \$250,000 of stock for the purpose of financing the cost of additional equipment. It reports that it has entered into an agreement with J. D. Spennetta, who operates a local trucking business in the town of Orange, to acquire his business and property consisting of 12 Mack trucks and 10 trailers for \$25,000 of which \$20,000 will be paid through the issue of \$20,000 of preferred stock. It further reports that it has arranged to purchase 36 semi-trailers for \$2,000 each or a total cost of \$72,000. Of this amount it is planned to pay \$18,000 in stock and the balance in twelve equal monthly payments. The company further reports that the use of semi-trailers will necessitate changing the present trucks by materially shortening the wheel base and putting in a lower gear ratio, which will make necessary an expenditure of approximately \$6,000.

It appears that the company will need \$44,000 to acquire the properties and to do the work referred to herein. The order herewith will authorize the company to issue and sell at this time \$44,000 of preferred stock; therefore,

It is hereby ordered, that the order in Decision No. 11507, dated January 16, 1923, be and it is hereby modified so as to permit Hodge Transportation System to issue and sell at not less than par \$44,000 of the \$150,000 of preferred stock authorized by that decision and to use the proceeds for the purposes indicated in this order.

It is hereby further ordered, that the order in Decision No. 11507, dated January 16, 1923, shall remain in full force and effect except as modified by this first supplemental order.

Dated at San Francisco, California, this twenty-second day of March, 1924.

DECISION No. 13306.

IN THE MATTER OF THE APPLICATION OF A. L. BENNETT, PARTY OF THE FIRST PART, AND GEORGE O. TRAPP, JACK GOLDEN AND WILLIAM SCHUMACHER, PARTIES OF THE SECOND PART, FOR PERMISSION TO TRANSFER WATER SYSTEM AT BUENA PARK, ORANGE COUNTY, CALIFORNIA, FROM THE PRESENT OWNER, A. L. BENNETT, TO GEORGE O. TRAPP, JACK GOLDEN AND WILLIAM SCHUMACHER.

Application No. 9734.

Decided March 22, 1924.

A. Curtis Case, for Applicants.

BY THE COMMISSION.

OPINION.

A. L. Bennett, in this application, asks permission to sell his public utility water plant at Buena Park, Orange County, to George O. Trapp, Jack Golden and William Schumacher, who have joined in the application.

A public hearing in the matter was held before Examiner Williams at Los Angeles, after due notice thereof had been given so that all interested parties might appear and be heard.

The testimony shows that Mr. Bennett owns lots 3, 4, 5 and 6 in block 55 of the town of Buena Park, on which is located a well and pump from which he supplies twelve consumers with water. It now appears that Mr. Bennett, on account of ill health, desires to transfer the water system to George O. Trapp, Jack Golden and William Schumacher, who propose to carry on the public utility business of supplying the present consumers until such time as the town of Buena Park has its own municipal water system installed, for which purpose bonds have been voted.

At the hearing applicants asked that the application be amended to include permission to abandon water service as soon as the municipal water system is installed and service available to consumers now supplied by the Bennett system.

No one appeared to contest the granting of the application, and from the evidence it appears that the best interests of the consumers will be in no way affected by the proposed transfer and that authority therefor should be granted.

The authority to abandon water service may be granted by the issuance of a supplemental order when the Commission has received satisfactory assurance that the municipal water system of the town of Buena Park is installed and water service is available to the consumers.

ORDER.

A. L. Bennett having made application for authority to transfer to George O. Trapp, Jack Golden and William Schumacher a certain water system supplying consumers in Buena Park, Los Angeles County, and George O. Trapp, Jack Golden and William Schumacher having joined in the application and having asked authority to discontinue water service as soon as the municipal water system of the town of Buena Park is installed, a public hearing having been held thereon and the matter having been submitted;

It is hereby ordered, that the above entitled application for authority to transfer be and the same is hereby granted upon the following conditions and not otherwise:

1. The consideration given for the transfer of this public utility water system shall not be urged before this Commission or any other public body as a finding of value for rate fixing or any purpose other than the transfer herein authorized.

2. The authority herein granted shall apply to the following public utility property: Lots 3, 4, 5 and 6 in block 55 of the town of Buena Park as shown in book 18, pages 50, 51 and 52 of miscellaneous records of Los Angeles County, together with the well, pump, tanks, distribution system and service pipes used or useful in the operation of the public utility water system.

3. A certified copy of the instrument of conveyance shall be filed with the Commission by A. L. Bennett within thirty (30) days of the date on which it is executed.

4. Within ten (10) days of the date on which possession and control of the property herein authorized to be transferred is actually relinquished to George O. Trapp, Jack Golden and William Schumacher, a certified statement to that effect shall be filed with the Commission by A. L. Bennett, or, in case said parties are already in control and posses-

sion of the property, a certified statement to that effect shall be filed within ten (10) days of the date hereof.

The Railroad Commission of the State of California hereby declares that authorization to discontinue water service will be granted by a supplemental order upon proper and satisfactory showing to the Commission that a municipal water system has been installed by the town of Buena Park and that all the consumers of this utility have been connected thereto or that service therefrom is available to them.

Dated at San Francisco, California, this twenty-second day of March, 1924.

DECISION No. 13308.

IN THE MATTER OF THE APPLICATION OF PICKWICK STAGES, INCORPORATED, A CORPORATION, FOR AN ORDER AUTHORIZING THE ISSUE AND SALE OF ONE HUNDRED THOUSAND DOLLARS PAR VALUE OF ITS COMMON CAPITAL STOCK.

Application No. 9868.
Decided March 24, 1924.

Warren E. Libby, for Applicant.

BY THE COMMISSION.

ORDER.

Pickwick Stages, Incorporated, asks permission to issue and sell at par \$100,000 of its common capital stock and use \$50,000 of the proceeds to pay, in part, the cost of the equipment referred to in Application No. 9810, to use \$25,000 of the proceeds to pay indebtedness and use the remainder to pay for additional equipment. In Application No. 9810 the company asks permission to issue and sell \$50,000 of equipment trust certificates. The decision in such application contains a statement of the company's assets and liabilities as of December 31, 1923, a statement of the company's revenues and expenses for the years 1922 and 1923 and a description of the equipment for which the company intends to expend \$50,000 of the proceeds obtained from the sale of the stock herein authorized to be issued. The company has an authorized stock issue of \$500,000, divided into 5000 shares of the par value of \$100 each. Of its authorized stock \$100,000 is outstanding. Of the outstanding stock the Pickwick Corporation owns \$99,875.

During 1923 the company paid a 6 per cent dividend on its outstanding stock. During 1922, the company expended for leased equipment the sum of \$109,799.72 and during 1923, it expended for leased equipment \$144,755.80. It is for the purpose of acquiring additional equipment and reducing the amount expended for leased equipment that applicant asks permission to issue \$100,000 of stock.

A public hearing was had on this application before Examiner Fankhauser. The Commission has considered the evidence submitted at such hearing and is of the opinion that the money, property or labor to be procured or paid for by the issue of the \$100,000 of stock is reasonably required by applicant and that this application should be granted as herein provided; therefore,

It is hereby ordered, that the Pickwick Stages, Incorporated, be and it is hereby authorized to issue and sell for cash at not less than par \$100,000 of its common capital stock.

The authority herein granted is subject to further conditions as follows:

1. The proceeds obtained from the sale of the stock shall be used for the following purposes:

a. To pay in part, for the equipment described in Application No. 9810, not exceeding \$55,000.

b. To pay notes outstanding on December 31, 1923, not exceeding \$25,000, provided that only notes issued in payment for equipment may be paid through the use of the \$25,000.

c. The remaining proceeds obtained from the sale of the stock, together with any portion of the \$55,000 and the \$25,000 not necessary for the purposes mentioned in paragraphs a and b may be expended only for such purposes as the Railroad Commission will hereafter authorize by supplemental order or orders.

2. Applicant shall keep such record of the issue, sale and delivery of the stock herein authorized and of the disposition of the proceeds as will enable it to file on or before the twenty-fifth day of each month a verified report, as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

3. The authority herein granted will become effective on the date hereof. The authority herein granted will apply to only such stock as may be issued, sold or delivered on or before December 1, 1924.

Dated at San Francisco, California, this twenty-fourth day of March, 1924.

DECISION No. 13314.

IN THE MATTER OF THE APPLICATION OF PICKWICK STAGES, INCORPORATED, A CORPORATION, FOR AN ORDER PERMITTING IT TO ISSUE FIFTY THOUSAND DOLLARS OF EQUIPMENT TRUST CERTIFICATES.

Application No. 9810.

Decided March 24, 1924.

Warren E. Libby, for Applicant.

BY THE COMMISSION.

OPINION.

The Pickwick Stages, Incorporated. asks permission to enter into an equipment trust agreement and a lease agreement defining the terms and conditions under which not exceeding \$50,000 of serial 7 per cent equipment trust certificates will be issued.

The Pickwick Stages, Incorporated, operates passenger stages between San Diego and Los Angeles, and between San Diego and El Centro, Imperial Valley.

As of December 31, 1923, the company reports the following assets and liabilities:

Assets and Debit Balances.

Plant and equipment.....	\$165,946 21
Securities of other corporations.....	3,700 00
Cash.....	2,059 63
Notes receivable.....	733 58
Accounts receivable.....	1,521 77
Materials and supplies.....	2,238 56
Special funds.....	5,603 90
Prepayments.....	1,244 07
Discount on capital stock.....	8,766 00
Total	\$191,813 72

Liabilities and Credit Balances.

Capital stock outstanding.....	\$100,000 00
Notes payable.....	45,450 00
Accrued liabilities not due.....	5,375 78
Accounts payable.....	12,244 65
Reserve for accrued depreciation.....	19,774 41
Surplus or deficit.....	8,968 88
Total.....	\$191,813 72

For the two years ending December 31, 1923, the company reports operating revenues and other income and operating expenses and other disbursements as follows:

Operating Revenue.

Item	1922	1923
Transportation revenue.....	\$266,748 64	\$425,154 81
Transportation expenses.....	266,584 69	416,621 59
Net operating revenue.....	\$163 95	\$8,533 22
Miscellaneous income.....	3,659 30	5,685 00
Net income.....	\$3,823 25	\$14,218 22

Nonoperating Expenses.

Other interest.....	\$9 99	\$1,017 24
Federal income taxes.....	39 00	125 52
Expenses other operations.....	8 34	
Miscellaneous charges to income.....	54 77	136 78
Amortization of debt discount and expense.....		974 00
Total nonoperating expenses.....	\$112 10	\$2,253 54
Profit for year.....	\$3,711 15	\$11,964 68

The operating expenses for 1922, include \$109,799.72, expended for leased cars, while during 1923, \$144,755.80 is reported by applicant to have been expended for similar purposes. During 1922, the company included in operating expenses on account of depreciation \$10,024.79, and during 1923, \$16,195. During both years the company has found it necessary to lease a large part of the equipment which it operated. Its officers believe that it will be to applicant's advantage to own more equipment. The company therefore has entered into an agreement for the purchase of the following equipment at the following costs:

Two 11-passenger Pierce-Arrow auto stages, inter-city type.....	\$14,000 00
Four 14-passenger Packard auto stages, inter-city type.....	32,000 00
Two 14-passenger Packard auto stages, inter-city type.....	16,000 00
Four 18-passenger Packard auto stages, inter-city type.....	38,000 00
Total cost.....	\$100,000 00

The company proposes to pay for such equipment through the issue of stock and equipment trust certificates. The equipment trust certificates will bear interest at the rate of 7 per cent per annum and will be dated March 15, 1924. They will mature in equal annual installments of \$10,000 each, from the fifteenth day of March of each year from 1925 to 1929, both inclusive. The equipment trust agreement provides that at no time shall the face amount of certificates outstanding exceed 50 per cent of the cost of the trust equipment.

Upon delivery of the equipment to the trustee, it will be leased to applicant, who has agreed to pay to the trustee an amount as rental sufficient to pay the interest and the annual payments on account of the principal of the certificates. In addition, applicant agrees to pay all taxes and insurance on the equipment and maintain it in good operating condition, and also to pay the difference between the cost of the equipment and the amount received from the sale of the certificates. Upon the payment in full of the principal of the certificates, title to the equipment will pass to applicant.

The equipment trust agreement and lease agreement filed with this Commission appear to be in satisfactory form.

ORDER.

The Pickwick Stages, Incorporated, having applied to the Railroad Commission for an order authorizing the execution of an equipment trust agreement and a lease agreement and the issue of certificates, a public hearing having been held before Examiner Fankhauser and the Railroad Commission being of the opinion that the application should be granted as herein provided and that the money, property or labor to be procured or paid for through the issue of such certificates is reasonably required by applicant for the purpose specified herein; therefore,

It is hereby ordered, that the Pickwick Stages, Incorporated, be and it is hereby authorized to execute and enter into an equipment trust agreement and lease agreement substantially in the same form as the equipment trust agreement and lease agreement filed in this proceeding, and to assume or guarantee the payment of not exceeding \$50,000 of 7 per cent serial equipment trust certificates, the issue of which is hereby authorized.

The authority herein granted is subject to further conditions as follows:

1. The authority herein granted to execute an equipment trust agreement and lease agreement, is granted only in so far as this Commission has jurisdiction under the terms of the Public Utilities Act, and is not intended as an approval of such equipment trust agreement and lease agreement as to such other legal requirements to which said equipment trust agreement and lease agreement may be subject.

2. The equipment trust certificates which are herein authorized to be issued, shall be sold at not less than 95 per cent of their face value and the proceeds used to pay, in part, the cost of the additional equipment to which reference is made in the foregoing opinion.

3. Pickwick Stages, Incorporated, shall keep such record of the issue and sale of the equipment trust certificates herein authorized and of the disposition of the proceeds as will enable it to file on or before the twenty-fifth day of each month a verified report, as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

4. The authority herein granted to issue and sell equipment trust certificates will become effective only when applicant has paid the fee prescribed by section 57 of the Public Utilities Act, which fee is \$50. No equipment trust certificates may be issued nor may applicant assume the payment of any equipment trust certificates under the authority herein granted after October 1, 1924.

Dated at San Francisco, California, this twenty-fourth day of March, 1924.

DECISION No. 13315.

IN THE MATTER OF THE APPLICATION OF THE SOUTHERN SIERRAS POWER COMPANY, AN ELECTRICAL CORPORATION, FOR AN ORDER AUTHORIZING THE ISSUE AND SALE OF ONE MILLION TWO HUNDRED ONE THOUSAND NINE HUNDRED DOLLARS PAR VALUE, FIRST AND REFUNDING MORTGAGE SERIES "B" GOLD BONDS, THE SAME BEING ADDITIONAL TO THE ISSUE OF SEVEN MILLION SIX HUNDRED EIGHTY-ONE THOUSAND SEVEN HUNDRED DOLLARS PAR VALUE OF BONDS HERETOFORE AUTHORIZED BY THE RAILROAD COMMISSION OF CALIFORNIA.

Application No. 9869.

IN THE MATTER OF THE APPLICATION OF THE SOUTHERN SIERRAS POWER COMPANY, AN ELECTRICAL CORPORATION, FOR AN

ORDER AUTHORIZING THE ISSUE AND SALE OF SIX HUNDRED
THIRTY-THREE THOUSAND SIX HUNDRED DOLLARS PAR VALUE,
FIRST AND REFUNDING MORTGAGE, SERIES "B" GOLD BONDS.

Application No. 9894.

Decided March 24, 1924.

P. R. Ferguson, for Applicant.

BY THE COMMISSION.

OPINION.

In Application No. 9869, The Southern Sierras Power Company asks permission to issue and sell \$1,201,900 face value of its first and refunding mortgage 6 per cent, series "B," gold bonds for the purpose of financing in part, the cost of acquiring the properties of Holton Power Company.

In Application No. 9894, The Southern Sierras Power Company asks permission to issue and sell \$633,600 face value of its first and refunding mortgage 6 per cent, series "B," gold bonds for the purpose of financing in part, the cost of extensions, additions and betterments to its plants and properties made prior to December 31, 1923.

A public hearing was held before Examiner Fankhauser, at which time the two applications were consolidated for hearing and decision.

The Southern Sierras Power Company as of December 31, 1923, reports its assets and liabilities as follows:

<i>Assets.</i>	
Investment in fixed capital.....	\$10,059,259 82
Other investments.....	110 00
Current assets.....	685,191 73
Intercompany accounts.....	1,824,640 82
Bond redemption fund.....	946 49
Special deposits.....	840 00
Unamortized debt discount and expense.....	772,882 84
Prepayment.....	3,386 09
Miscellaneous deferred debits.....	120 51
Unamortized stock discount.....	4,995,350 00
Total assets.....	\$18,342,728 30
<i>Liabilities.</i>	
Capital stock.....	\$5,000,000 00
Funded debt.....	7,814,500 00
Advances from affiliated companies.....	500,000 00
Current liabilities.....	408,878 73
Intercompany accounts.....	3,143,734 73
Deferred credits.....	124,837 10
Liabilities offset by deposit.....	840 00
Depreciation reserve.....	704,750 06
Other reserves.....	89,389 19
Appropriated surplus.....	295,250 61
Unappropriated surplus.....	260,547 88
Total liabilities.....	\$18,342,728 30

By Decision No. 12550, dated August 27, 1923, the Railroad Commission authorized The Southern Sierras Power Company to issue and sell \$207,100 of its first and refunding mortgage bonds to finance, in part, construction expenditures made prior to May 31, 1923. Application No. 9894, involves the financing of construction expenditures made subsequent to May 31, 1923, and prior to December 31, 1923. Applicant in its Exhibit "B" reports that it expended for extensions, additions and betterments the sum of \$1,353,913.36. From this amount the company deducts \$177,016.78 representing property displaced and \$431,385.24 representing amounts against which bonds have heretofore been issued, leaving a balance of \$745,511.34 against which it reports no bonds have been issued.

In addition to the expenditures of \$1,353,913.36 the company reports that on December 31, 1923, pursuant to authority granted by the Commission in Decision No. 12947, dated December 22, 1923, it acquired the electrical properties and certain other assets of the Holton Power Company. The value of the electrical properties, as shown in Exhibit "B," attached to Application No. 9869, is reported at \$1,414,000.67.

The amount of bonds which the company asks permission to issue, represents 85 per cent of the \$745,511.34 and the \$1,414,000.67 appearing in preceding paragraphs.

Applicant asks permission to sell its bonds at not less than 85 per cent of face value, plus accrued interest. The Commission has given consideration to the testimony in this proceeding as well as to the company's financial statements on file, and is of the opinion that the company should receive not less than 85 per cent of face value, plus accrued interest for its bonds.

ORDER.

The Southern Sierras Power Company, having applied to the Railroad Commission for permission to issue \$1,835,500 of bonds, a public hearing having been held, and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for by such issue is reasonably required by applicant and that the expenditures herein authorized are not in whole, or in part, reasonably chargeable to operating expenses or to income and that the above entitled applications should be granted as herein provided; therefore,

It is hereby ordered, that The Southern Sierras Power Company be and it is hereby authorized to issue and sell at not less than 88 per cent of their face value, plus accrued interest, \$1,835,500 of its first and refunding mortgage 6 per cent, series "B," gold bonds due January 1, 1965, and to use the proceeds, other than accrued interest, to finance in part, the cost of the extensions, additions and betterments made prior to December 31, 1923, and the cost of the properties of the Holton

Power Company, as described in some detail in these proceedings, and through such financing, to pay in part, outstanding indebtedness; the accrued interest collected may be used for general corporate purposes.

The authority herein granted is subject to further conditions as follows:

1. Applicant shall keep such record of the issue, sale and delivery of the bonds herein authorized and of the disposition of the proceeds as will enable it to file on or before the twenty-fifth day of each month a verified report, as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

2. The authority herein granted to issue and sell bonds will become effective when applicant has paid the fee prescribed by section 57 of the Public Utilities Act, which fee is \$1,418. Such authority will expire on June 1, 1924.

Dated at San Francisco, California, this twenty-fourth day of March, 1924.

DECISION No. 13316.

IN THE MATTER OF THE APPLICATION OF PACIFIC GAS AND ELECTRIC COMPANY, A CORPORATION, FOR AN ORDER OF THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA AUTHORIZING APPLICANT TO INCREASE ITS RATES AND CHARGES FOR ELECTRIC ENERGY, AND CONSOLIDATED PROCEEDINGS, APPLICATION NUMBER 3602, CASES NUMBERS 748, 840, 930, 934, 996, 1203 AND 1669.

Application No. 5567.

IN THE MATTER OF THE APPLICATION OF GREAT WESTERN POWER COMPANY OF CALIFORNIA FOR AN ORDER AUTHORIZING AN INCREASE IN RATES, AND CONSOLIDATED PROCEEDINGS, CASES NUMBERS 931, 1204 AND 1669.

Application No. 5585.

Decided March 25, 1924.

SEAVEY AND BRUNDIGE, *Commissioners*.

OPINION AND ORDER ON SUPPLEMENTAL APPLICATIONS.

On December 30, 1922, the Railroad Commission made its Decision No. 11457 in Application No. 5567 of Pacific Gas and Electric Company and consolidated proceedings, and on January 3, 1923, its Decision No. 11466 in Application No. 5585 of Great Western Power Company of California and consolidated proceedings.

These decisions included a complete consideration of the value of the electric department properties, the operating expenses and revenues of the respective companies; and schedules of rates were fixed covering

service to various classes of consumers. The two companies operate in similar territory and to quite an extent in competition, and as a result the rates fixed in the two decisions were identical with the exception of one schedule. Shortly after the decisions were issued both companies filed supplemental applications requesting a number of minor changes in the rate schedules and other provisions of the two orders. To quite an extent the changes requested were similar or identical, and as the rates and general provisions of the orders involved were the same, the two supplemental applications were consolidated for hearing and decision.

A public hearing was held at which the companies introduced evidence in support of the modifications requested, a number of consumers were heard and it was stipulated by the representatives of both companies that the Commission might also consider in evidence such complaints and communications regarding the effect of the rates as might be directed to it. The rates have now been in effect for substantially twelve months and opportunity has been afforded for observation of their practical application. Careful consideration has been given to the proposed changes in rates and in other provisions of the order, to such complaints as have been made by consumers and to misunderstandings and disputes that have come up regarding the application and the interpretation of the schedules.

The schedules provided in the original orders have been revised in the light of this consideration and such revised schedules are set forth in the order accompanying this opinion. In general, the revisions in the schedules are changes in wording or form in the interest of flexibility or clarity and no important change in the gross revenue of either company will result.

Petitions for rehearing were filed by certain of the largest consumers of the two companies, urging changes in the schedules applicable to their particular services. The evidence introduced in support of these petitions for rehearing has been considered and certain modifications in these particular schedules are being made as a result thereof. As a matter of convenience and record, the schedules modified for such reasons, as well as the changes supported by the evidence in the present application, are included in the one order, with the result that the attached exhibit will contain a complete set of the schedules of the two companies as finally modified.

The requested modifications in the provisions of the order covering the depreciation reserve of Pacific Gas and Electric Company and the ownership of certain lines and transformers by both companies have received full consideration and we find no sufficient reason for modification of the requirements of the previous orders.

We recommend the following form of order:

ORDER.

Pacific Gas and Electric Company and Great Western Power Company of California having applied to the Railroad Commission for certain modifications in the provisions of its orders in Decision No. 11457, dated December 30, 1922, and in Decision No. 11466, dated January 3, 1923, respectively, public hearing having been held on such applications, the matter being submitted and now ready for decision:

The Railroad Commission hereby finds as a fact that the present rates and charges of Pacific Gas and Electric Company and Great Western Power Company of California for electric service are unjust, unreasonable and discriminatory in so far as they differ from the rates and charges hereinafter set forth.

Basing its order upon the foregoing findings of fact and the findings of fact preceding this order;

It is hereby ordered, that:

1. Pacific Gas and Electric Company and Great Western Power Company of California charge and collect for electric service the rates and charges set forth in Exhibit "A," attached hereto and made a part hereof. Such rates to be filed with this Commission on or before April 1, 1924, and to become effective with bills for flat rate service delivered during the month of April and with bills for metered service, based on meter readings taken on and after April 15, 1924.

2. No other modification to be made in the requirements of the orders in Decisions No. 11457 and No. 11456, except upon further order of this Commission.

3. The effective date of this order shall be April 1, 1924.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this twenty-fifth day of March, 1924.

EXHIBIT "A."

SCHEDULE L-1.

(Canceling L-1.)

General Lighting Service.

Applicable to general domestic and commercial lighting service, including household appliances and small power service.

Territory.

Applicable to service within the incorporated limits of San Francisco, Oakland, Berkeley, Piedmont, Emeryville, San Leandro and Albany.

Rate.

First	10 k.w.h. or less per meter	90	cents per month
Next	40 k.w.h. per meter per month	6	cents per k.w.h.
Next	150 k.w.h. per meter per month	5	cents per k.w.h.
Next	800 k.w.h. per meter per month	4	cents per k.w.h.
Next	2000 k.w.h. per meter per month	3	cents per k.w.h.
All over	3000 k.w.h. per meter per month	2½	cents per k.w.h.

Special Conditions.

(a) Single phase motors of an aggregate capacity of 5 horsepower or less may receive service or may be combined with general lighting service under this schedule of rates at the option of the consumer, provided in case of combination service the total energy is supplied through one meter.

The minimum charge applicable to this combination service is the minimum charge as set forth above.

(b) In San Francisco only motors of an aggregate capacity in excess of 5 horsepower may receive service or be combined with general lighting service under this schedule of rates at the option of the consumer, provided in case of combination service the total energy may be supplied through one meter, in which case the total minimum charge will be 90 cents per horsepower per month of motor load.

Combination will not be made between A.C. and D.C. service. Single phase and polyphase will not be combined unless obtainable from the same service wires.

(c) The company has the option of refusing D.C. service where both A.C. and D.C. service are available.

SCHEDULE L-2.

(Canceling L-2.)

General Lighting Service.

Applicable to general domestic and commercial lighting service, including household appliances and single phase service to motor loads not to exceed 5 horsepower capacity.

Territory.

Applicable to service within *all incorporated limits* served by company *except* in San Francisco, Oakland, Berkeley, Piedmont, Emeryville, San Leandro and Albany.

Rate.

First	10 k.w.h. or less per meter per month-----	\$1 00
Next	40 k.w.h. per meter per month-----	06 per k.w.h.
Next	150 k.w.h. per meter per month-----	05 per k.w.h.
Next	300 k.w.h. per meter per month-----	04 per k.w.h.
Next	2000 k.w.h. per meter per month-----	03 per k.w.h.
All over	3000 k.w.h. per meter per month-----	02½ per k.w.h.

Special Conditions.

(a) Single phase motors of an aggregate capacity of 5 horsepower or less may receive service or may be combined with general lighting service under this schedule of rates at the option of the consumer, provided in case of combination service the total energy is supplied through one meter.

The minimum charge applicable to this combination service is only that minimum charge as set forth above.

SCHEDULE L-3.

(Canceling L-3.)

General Lighting service.

Applicable to general domestic and commercial lighting service, including household appliances and single phase service to motor loads not to exceed 5 horsepower capacity.

Territory.

Applicable to service in entire territory served, outside of incorporated limits.

Rate.

First	10 k.w.h. or less per meter per month-----	\$1 25
Next	40 k.w.h. per meter per month-----	07 per k.w.h.
Next	150 k.w.h. per meter per month-----	06 per k.w.h.
Next	300 k.w.h. per meter per month-----	05 per k.w.h.
Next	2000 k.w.h. per meter per month-----	04 per k.w.h.
All over	3000 k.w.h. per meter per month-----	03½ per k.w.h.

Special Conditions.

(a) Single phase motors of an aggregate capacity of 5 horsepower or less may receive service or may be combined with general lighting service under this schedule of rates at the option of the consumer; provided that, in case of combination service, the total energy is supplied through one meter.

The minimum charge applicable to this combination service is only that minimum charge as set forth above.

SCHEDULE L-4.

(Canceling L-4.)

Street and Highway Lighting.

Applicable to service to street, highway and other public outdoor lighting installations, using bracket, mast arm, or center suspension construction, and supplied from overhead lines, where the company owns and maintains the entire equipment.

Territory.

Applicable to the entire territory *except* the city of San Francisco.

41-29729

Rate.

Lamp rating	Monthly charge per lamp	
	All night service	Reduction for each hour reduction in nightly service
Multiple lamps:		
25 watts -----	\$0 95	1 cent
40 watts -----	1 25	2 cents
50 watts -----	1 45	3 cents
60 watts -----	1 70	3 cents
*75 watts -----	*2 00	4 cents
*100 watts -----	*2 50	5 cents
*150 watts -----	*3 20	7 cents
*200 watts -----	*3 75	12 cents
*300 watts -----	*4 40	13 cents
*500 watts -----	*5 40	20 cents
Series lamps:		
60 candlepower -----	1 30	2 cents
80 candlepower -----	1 65	3 cents
*100 candlepower -----	*1 85	4 cents
*250 candlepower -----	*3 20	7 cents
*400 candlepower -----	*4 05	12 cents
*600 candlepower -----	*4 80	16 cents
Arc lamps:		
4 amperes luminous -----	4 60	15 cents
6.6 amperes luminous -----	5 00	15 cents

*Includes a refractor. A diffusing globe, special highway reflector, or equivalent special reflector, will be supplied on request. A deduction of 15 cents per month will be made for each lamp not equipped with refractor, diffusing globe or special reflector.

Special Conditions.

(a) For the purpose of calculating rates for less than all night service, it will be assumed that the average hour of turning off all night service is 5.30 a.m. and the average hours of nightly service are:

All night service (4000 hours per year) 11 hours per night.

Moonlight service (2240 hours per year) 6 hours per night.

Midnight service (2000 hours per year) 5½ hours per night.

(b) The foregoing rates apply to installations of ten lamps or more. When service is supplied for less than ten lamps the above rates increased by 10 per cent will apply. Such increase in rate will be based upon the total number of lamps in circuit and not upon the number of lamps billed to a separate consumer.

SCHEDULE C-1.

(Canceling C-1.)

General Heating, Cooking and Combination Service.

Applicable to general domestic and commercial heating, cooking and/or water heating service, and to combination lighting with heating, cooking and/or water heating service.

Territory.

Entire territory served.

*Rate.***(A) Heating, cooking and/or water heating service:**

First 150 k.w.h. per meter per month ----- 3.5 cents per k.w.h.
All over 150 k.w.h. per meter per month ----- 2.0 cents per k.w.h.

(B) Combination lighting, with heating, cooking and/or water heating service:

First 30 k.w.h. per meter per month ----- (x)
Next 150 k.w.h. per meter per month ----- 3.5 cents per k.w.h.
All over 180 k.w.h. per meter per month ----- 2.0 cents per k.w.h.

(x) Charge for first 30 k.w.h. at effective lighting rate.

For residences, flats or apartments of more than eight rooms, 5 k.w.h. for each additional room will be added to the first block of 30 k.w.h.

Minimum Charge.

First 7 k.w. or less of heating, cooking and/or water heating capacity ----- \$3 00 per month
Over 7 k.w. of heating, cooking and/or water heating capacity ----- 50 per k.w. per month

When the consumer signs a contract for service for a period of one year the minimum charges will be made accumulative for the service year. The minimum

charges are payable in monthly installments until such time as the accumulative energy charges equal the annual minimum charge.

Special Conditions.

- (a) Service will normally be 110/220-volt three-wire alternating current.
- (b) Minimum charges are based on the total active connected load of heating, cooking and water heating capacity which may be connected at any one time. No additional minimum charge will be made for lighting service in case of combination service.
- (c) Rate (B) applies only where the consumer installs and uses cooking, heating and/or water heating appliances other than lamp socket devices of at least 2 kilowatt capacity for residences, flats or apartments of eight rooms or less and 5 kilowatts for residences, flats and apartments of nine rooms or more.
- (d) Bath rooms, halls and cellars are not classified as rooms.
- (e) Connected load will be taken as the nameplate rating of all heating and cooking apparatus permanently connected and which may be connected at any one time computed to the nearest one-tenth of a kilowatt and in no case less than 2 kilowatts. All equipment assumed as operating at 100 per cent power factor.
- (f) Single-phase power service (5 h.p. or less) may be combined under this schedule in which case each horsepower of connected load shall be considered equivalent to one kilowatt of connected load in determining the minimum charge.

SCHEDULE C-2.

(Canceling C-2.)

Commercial Heating and Cooking.

Applicable to commercial heating, cooking and/or water heating. This rate is optional with Schedule C-1.

Territory.

Entire territory served.

Rate.

The rate will be that provided in Schedule P-1. In determining the size of blocks and minimum charges one kilowatt of active connected load will be considered as one horsepower.

Special Conditions.

- (1) Service will normally be three-wire alternating-current 110/220-volt, but at the option of the company three-phase service may be supplied.
- (2) Connected load will be taken as the nameplate rating of all heating and cooking apparatus permanently connected and which may be connected at any one time computed to nearest one-tenth of a kilowatt and in no case less than 2 kilowatts. All equipment assumed as operating at 100 per cent power factor.
- (3) Single phase power service (5 h.p. or less) may be combined under this schedule in which case each horsepower of connected load shall be considered equivalent to one kilowatt of connected load in determining the rate and minimum charge.

SCHEDULE C-3.

(Canceling C-3.)

Combination Lighting and Power Service.

Applicable to combination lighting with cooking and/or power service where the connected load of power and/or cooking is at least 25 per cent of the total load.

Territory.

Applicable within the city and county of San Francisco.

Rate.

Demand charge:

First	25 k.w. of monthly maximum demand	\$1 60 per k.w.
Next	50 k.w. of monthly maximum demand	1 30 per k.w.
All over	75 k.w. of monthly maximum demand	1 00 per k.w.

Energy charge (To be added to demand charge):

First	1000 k.w.h. per month	2.60 cents per k.w.h.
Next	1500 k.w.h. per month	2.10 cents per k.w.h.
Next	3500 k.w.h. per month	1.80 cents per k.w.h.
All over	6000 k.w.h. per month	1.60 cents per k.w.h.

Minimum Charge.

The maximum demand charge will be not less than that based on 50 per cent of the maximum demand created during the preceding eleven months and in no case less than \$12 per month.

Special Conditions.

- (a) This schedule is exclusively a meter rate, the maximum demand being measured by demand meters or indicators to be furnished and installed by the company upon the consumer's premises adjacent to or combined with watt-hour meter or meters which measure the monthly energy consumption.

The maximum demand in any month will be the average number of kilowatts indicated or recorded by the above meters in that fifteen-minute interval in which the consumption of electric energy hereunder is greater than in any other fifteen-minute interval in the month; provided, that in the case of hoists, elevators, welding machines, furnaces and other installations where the energy demand is intermittent or subject to violent fluctuation, the company may base the consumer's maximum demand upon a three-minute instead of a fifteen-minute interval.

Where the power installation does not exceed 50 horsepower the demand may, at the option of the company, be determined by instruments or test, as above, or, with the consent of the consumer, the demand may be assumed to be 100 per cent of the rated capacity of the largest motor installed plus 60 per cent of the rated capacity of all additional motors and other energy consuming devices installed.

SCHEDULE P-1.

(Canceling P-1.)

General Power Service.

Applicable to general commercial and industrial power service and to commercial heating and cooking service and rectifier service. Alternating current service will be supplied at any standard voltage from 110 to 2200 volts as may be requested by the consumer. D. C. service may be obtained when available at the voltage as available. Schedule P-2 is optional with this schedule for alternating current service.

Territory.

Entire territory served.

Rate—A. C. Service.

Horsepower of connected load	Rate per kilowatt hour for monthly consumptions of			
	First 50 k.w.h. per h.p.	Next 50 k.w.h. per h.p.	Next 150 k.w.h. per h.p.	All over 250 k.w.h. per h.p.
2- 9 h.p. -----	4.0 cents	2.1 cents	1.3 cents	0.9 cent
10- 24 h.p. -----	3.6 cents	2.0 cents	1.2 cents	0.9 cent
25- 49 h.p. -----	3.1 cents	1.9 cents	1.1 cents	0.8 cent
50- 99 h.p. -----	2.6 cents	1.7 cents	1.1 cents	0.75 cent
100- 249 h.p. -----	2.3 cents	1.5 cents	1.0 cent	0.7 cent
250- 499 h.p. -----	2.1 cents	1.3 cents	0.9 cent	0.65 cent
500- 999 h.p. -----	2.0 cents	1.2 cents	0.9 cent	0.6 cent
1000-2499 h.p. -----	1.9 cents	1.1 cents	0.9 cent	0.6 cent
2500 and over -----	1.8 cents	1.0 cent	0.9 cent	0.6 cent

Minimum Charge.

First 50 h.p. of connected load, \$1 per h.p. per month, but in no case less than \$2 per month.

All over 50 h.p. of connected load, 65 cents per h.p. per month.

At the request of the consumer and upon the execution of a contract for a term of at least one year, the minimum charge will be made accumulative over a twelve months period.

Direct Current Service.

D. C. service when furnished will be rendered under the above rates and minimum charges increased by 10 per cent. D. C. service may only be obtained where available.

Special Conditions.

(a) Voltage:

This schedule of rates will apply to service rendered at any standard voltage at the option of the consumer. All necessary transformers to obtain such voltage will be supplied, owned and maintained by the company.

(b) Maximum demand:

The above rates and minimum charges may at the option of the consumer be based on the horsepower of measured maximum demand instead of horsepower of connected load, in which case the horsepower of demand on which the rates and minimum charges will be based will not be less than 30 per cent of the connected load, and the minimum charge will not be less than \$50 per month.

The maximum demand in any month will be the average horsepower input (746 watts equivalent), indicated or recorded by instruments to be supplied by the company, in the fifteen-minute interval in which the consumption of electric energy is more than in any other fifteen-minute interval in the month for installations of less than 750 horsepower and a thirty-minute interval for larger size installations or at the option of the company the maximum demand may be determined by test.

In the case of hoists, elevators, welding machines, furnaces and other installations where the energy demand is intermittent or subject to violent fluctuations, the company may base the consumer's maximum demand upon a five-minute interval instead of a fifteen or thirty minute interval.

Demands for installations in excess of 750 horsepower of connected load occurring between the hours of 11 p.m. and 6 a.m. of the following day will not be considered in computing charges under this schedule.

(c) Optional rate for larger installations:

Any consumer may obtain the rates and conditions of service for a larger installation by guaranteeing the rates and minimum charges applicable to the larger installation.

(d) Rectifier, heating and cooking service:

Mercury arc rectifiers and commercial heating and cooking installations may obtain service under this schedule. For the purpose of determining rates and minimum charges, each kilowatt of connected load will be considered as equivalent to one horsepower.

SCHEDULE P-2.

(Canceling P-2.)

Intermittent Service.

Optional with Schedule P-1 except for direct current service and suitable for intermittent or seasonal use of energy.

Territory.

Entire territory served.

*Rate.***Demand charge:**

First 10 h.p. of connected load \$5.00 per h.p. per year.

Over 10 h.p. of connected load 3.50 per h.p. per year.

Energy charge:

The energy charges are the rates without the minimum charges as set forth under Schedule P-1.

*Special Conditions.***(A) Total charge:**

The total charge is the sum of the demand and energy charges stated above.

(B) Payment of demand charge:

The demand charge is payable in five equal installments during the first five months after the date service is first rendered. The consumers may select, if satisfactory to the company, other months in which to pay the demand charges.

(C) Adjustment of bills:

At the end of each year's service period a consumer operating under this schedule and whose total charges for service for the past year would have amounted to less under Schedule P-1 will have the charges for this service adjusted to the lower charges.

SCHEDULE P-3.

(Canceling P-3.)

Agricultural Power Service.

Applicable to general agricultural and reclamation service, including pumping, feed choppers, milking machines, heating for incubators, brooders, poultry house lighting and general farm use excluding cooking and general lighting service.

Territory.

Entire territory served.

Rate (A).

Size of installation	Annual demand charge per h.p.	Energy charge in addition to demand charge			
		Rate per k.w.h. for consumptions per h.p. per year of			
		First 1000 k.w.h.	Next 1000 k.w.h.	Next 1000 k.w.h.	All over 3000 k.w.h.
2- 4 h.p.	*\$6 00	1.6 cents	1.2 cents	0.9 cent	0.7 cent
5- 14 h.p.	6 00	1.4 cents	1.1 cents	0.8 cent	0.7 cent
15- 49 h.p.	5 40	1.2 cents	1.0 cent	0.8 cent	0.7 cent
50- 99 h.p.	4 50	1.1 cents	0.9 cent	0.75 cent	0.7 cent
100- 249 h.p.	3 90	1.1 cents	0.9 cent	0.75 cent	0.7 cent
250- 499 h.p.	3 75	1.05 cents	0.85 cent	0.75 cent	0.7 cent
500- 999 h.p.	3 60	1.00 cent	0.85 cent	0.75 cent	0.7 cent
1000-2499 h.p.	3 30	1.00 cent	0.85 cent	0.75 cent	0.7 cent
2500 h.p. and over	3 00	1.00 cent	0.85 cent	0.75 cent	0.7 cent

*In no case will the total annual demand be less than \$13.20.

Rate (B). Optional Rate.

Any consumer may select at his option the following rate instead of the demand and energy rate set forth above:

Horsepower of connected load	Annual minimum charge per h.p.	Rate per kilowatt hour for consumptions of				
		First 300 k.w.h. per h.p. per year	Next 700 k.w.h. per h.p. per year	Next 1000 k.w.h. per h.p. per year	Next 1000 k.w.h. per h.p. per year	All over 3000
2- 4 h.p.	\$9 00	3.8 cents	1.6 cents	1.2 cents	0.9 cent	0.7 cent
5- 14 h.p.	8 00	3.4 cents	1.4 cents	1.1 cents	0.8 cent	0.7 cent
15- 49 h.p.	7 50	3.0 cents	1.2 cents	1.0 cent	0.8 cent	0.7 cent
50- 99 h.p.	7 00	2.6 cents	1.1 cents	0.9 cent	0.75 cent	0.7 cent
100- 249 h.p.	6 75	2.4 cents	1.1 cents	0.9 cent	0.75 cent	0.7 cent
250- 499 h.p.	6 50	2.3 cents	1.05 cents	0.85 cent	0.75 cent	0.7 cent
500- 999 h.p.	6 25	2.2 cents	1.00 cent	0.85 cent	0.75 cent	0.7 cent
1000-2499 h.p.	6 00	2.1 cents	1.00 cent	0.85 cent	0.75 cent	0.7 cent
2500 h.p. and over	6 00	2.0 cents	1.00 cent	0.85 cent	0.75 cent	0.7 cent

*In no case will the total minimum charge be less than \$27 per year.

Special Conditions.**(a) Agricultural year:**

Meters on all agricultural services will be read by the company between April 1st and April 10th of each year and the above rates will apply to the yearly periods between such successive readings.

(b) Payment of demand and minimum charges:

Demand and minimum charges will be payable in six equal monthly installments beginning with the bill based on the regular May meter reading.

(c) Selection of schedule:

The company will normally render agricultural service under rate (A) unless the consumer advises the company to apply the optional rate (B).

At the end of each agricultural year the company will adjust the bills of consumers operating on either rate (A) or rate (B) to the more favorable rate.

(d) Guaranteeing rates for larger size installation:

Any consumer may obtain the rate for a larger installation by guaranteeing the rates and demand charge (or minimum charge) of that larger installation.

(e) Voltage:

When the company installs, owns and maintains the transformers the above rates apply to service rendered at 110, 220, or 440 volts, under provisions of Rule and Regulation No. 2, at the option of the consumer and the energy will be metered on the secondary (low) side of the transformer.

When the consumer owns the transformers, service will be rendered at the distribution line voltage available and the service will be measured on the primary (high) side of the transformer.

(f) Credit for ownership of transformer by consumer:

Consumers operating installations having a connected load of 50 h.p. or over and owning the transformers supplying such installations will be allowed the following credits:

Size of installation	Annual credit per h.p. of connected load
50- 99 h.p.	\$1 00 per h.p.
100- 249 h.p.	90 per h.p.
250- 499 h.p.	80 per h.p.
500- 999 h.p.	70 per h.p.
1000-2499 h.p.	60 per h.p.
2500 h.p. and over	50 per h.p.

(g) Contracts:

The company may require a contract for service under this schedule for a period not to exceed three years when service is first rendered and thereafter from year to year.

(h) Consumers permanently increasing or decreasing their connected load will have their bills adjusted as provided in Special Conditions (i) following, original load being considered as discontinuing service and the increased or decreased load as commencing service.

(i) Service commenced or discontinued during the agricultural year:

The following adjustments apply only in the case of service first begun or permanently discontinued and will not be made when installations shut down for a few months.

For a fractional agricultural year rate (A) will be modified as follows:

The demand charge will apply to service taken between April 1 and September 30 at the rate of one-sixth of the annual charge per month.

The size of the blocks of the energy charge will be multiplied by the factor in the following table corresponding to the month during which service is begun or discontinued.

Month in which service commences or is discontinued	Factor	
	New service	Discontinued service
April	1.0	0.1
May	0.9	0.2
June	0.8	0.3
July	0.7	0.4
August	0.6	0.5
September	0.5	0.6
October	0.4	0.7
November	0.3	0.8
December	0.2	0.9
January	0.1	1.0
February	0.1	1.0
March	0.1	1.0

Rate (B) will apply without modification and the bill for services will be at the lower rate.

SCHEDULE P-4.

(Canceling P-4.)

Reclamation Power Service.

Applicable to general reclamation service. This rate for reclamation service is optional with Schedule P-3.

Territory.

Entire territory served.

Rate (A).

Rates applicable to that portion not less than 30 per cent of the connected load operated.

Size of total installation	Annual demand charge per horsepower		Energy charge in addition to the demand charge			
	Company owns transformers	Consumer owns transformers	Rate per k.w.h. for consumptions per h.p. per year of			
			First 1000 k.w.h.	Next 1000 k.w.h.	Next 1000 k.w.h.	All over 3000 k.w.h.
50- 99 h.p.	\$4 50	\$3 50	1.1 cents	0.9 cent	0.75 cent	0.7 cent
100- 249 h.p.	3 90	3 00	1.1 cents	0.9 cent	0.75 cent	0.7 cent
250- 499 h.p.	3 75	2 95	1.05 cents	0.85 cent	0.75 cent	0.7 cent
500- 999 h.p.	3 60	2 90	1.00 cent	0.85 cent	0.75 cent	0.7 cent
1000-2499 h.p.	3 30	2 70	1.00 cent	0.85 cent	0.75 cent	0.7 cent
2500 h.p. and over	3 00	2 60	1.00 cent	0.85 cent	0.75 cent	0.7 cent

Rate (B).

Rates applicable to that portion not exceeding 70 per cent of the connected load held only as a standby, but not actually operated.

Size of total installation	Annual demand charge per horsepower		
	Company owns transformers	Consumer owns transformers	
50- 99 h.p.	\$1 80	\$0 80	If this additional installation is operated and any energy used, then the full demand and energy rates of rate (A) will apply to this load for the twelve months period ending on the following December 31st.
100- 249 h.p.	1 70	0 80	
250- 499 h.p.	1 60	0 80	
500- 999 h.p.	1 50	0 80	
1000-2499 h.p.	1 40	0 80	
2500 h.p. and over	1 30	0 80	

Rate (A) will apply to not less than 30 per cent of the connected load and rate (B) to not more than 70 per cent of the connected load.

Special Conditions.

(a) Demand charges:

The demand charges of rates (A) and (B) are due and payable in twelve equal monthly installments during the year from January 1st to December 31st of the same year.

(b) Energy charges:

The energy rates of rate (A) shall apply to service rendered on and after January 1st of any year and before December 31st of the same year.

(c) Service commencing (or discontinued) after January 1st:

Any consumer whose service begins (or discontinued) at a later date than January 1st of any year will be billed in accordance with the above rates modified as follows:

(1) Demand charge:

The demand charges of rates (A) and (B) are applicable only during that period from date service is first taken to December 31st of the same year at the rate of one-twelfth of the annual demand charge per month.

(2) The sizes of the energy blocks of the rate (A) are to be determined by multiplying the sizes of the blocks given in the rate (A) by the following factor according to the month in which service commences or is discontinued.

Month in which service commences or is discontinued	Factor	
	New service	Discontinued service
January	1.0	0.1
February	0.9	0.2
March	0.8	0.3
April	0.7	0.4
May	0.6	0.5
June	0.5	0.6
July	0.4	0.7
August	0.3	0.8
September	0.2	0.9
October	0.1	1.0
November	0.1	1.0
December	0.1	1.0

(d) Season:

Meters on agricultural and reclamation service operating under this schedule will be read by the company between January 1st and January 10th of each year, and the above rates will apply for the year for service rendered after that date.

(e) Date of first payment of demand charge:

The first payment of the annual demand charge will be due and payable upon presentation of the bill for service rendered based on regular meter readings taken on and after February 1st.

(f) Increase or decrease of load:

Consumers permanently increasing or decreasing their connected load will have their rates for the increased or decreased load adjusted in accordance with Special Condition (c). Discontinued service is limited to installations permanently quitting, and does not apply to installations shutting down for a few months or for the balance of the season at the end of which time service will again be desired.

(g) Guaranteeing rates for larger size installations:

Any consumer may obtain the rate for a larger installation by guaranteeing the rate and demand charge of that larger installation.

(h) Voltage:

When the company installs, owns and maintains the transformers, the above rates apply to service rendered at 110, 220, or 440 volts, under the provisions of Rule and Regulation No. 2 at the option of the consumer.

When the consumer owns the transformers, service will be rendered at the distribution line voltage available.

(i) Measurement of service:

When the company owns the transformers the energy will be measured on the secondary (low) side of the transformers.

When the consumer owns the transformers the energy will be measured on the primary (high) side of the transformers.

The unit energy rates as given above in rate (A) apply whether the company or consumer owns the transformer.

(j) Disconnecting switch:

The above rates contemplate that the service will be disconnected from the main line by the consumer during periods when the installation is not in operation provided the company installs a suitable disconnecting switch on the primary (high) side of the transformer for such purpose.

Such a disconnecting switch will be owned, maintained and properly installed by the company together with necessary means and protection for its operation.

(k) **Contracts:**

The company may require a contract for service under this schedule for a period not to exceed three years when service is first rendered or when the connected load as defined hereafter is increased and from year to year after the expiration of such initial contract.

(l) **Connected load:**

The term "connected load" as used in this schedule means the maximum load that may be connected to the company's lines at any one time. The total nameplate rating of all motors installed will be used, unless the arrangement of wiring, piping, shafting or conditions of operation are such as to show that all motors can not be operated simultaneously under load, in which case the maximum load capable of simultaneous operation will be used.

SCHEDULE P-5.

(Canceling P-5.)

Wholesale Power Service.

Applicable to general power supplied at a standard voltage of 2200 volts or over.

Territory.

Entire territory served.

Rate (A).

Service at 2200 volts up to and including 25,000 volts.

Demand charge:

First	200 k.w. or less of maximum demand	\$300 00 per month
Next	300 k.w. of maximum demand	1 00 per k.w. per month
Next	500 k.w. of maximum demand	75 per k.w. per month
All over	1000 k.w. of maximum demand	60 per k.w. per month

Energy charge (to be added to the demand charge):

First	150 k.w.h. per k.w. per month	.8 cent per k.w.h.
Next	250 k.w.h. per k.w. per month	.6 cent per k.w.h.
All over	400 k.w.h. per k.w. per month	.55 cent per k.w.h.

Rate (B).

Service at line voltages in excess of 25,000 volts.

The rate is the same as that set forth under rate (A) above with the demand charge decreased by 15 per cent and the energy charge decreased by 3 per cent.

Special Conditions.

(a) **Voltage:**

Service under rate (A) will be supplied by the company at standard voltages of 2200 volts or more up to and including 25,000 volts as requested by consumer.

Service under rate (B) will be supplied by the company at standard line voltages above 25,000 volts as available.

(b) **Demand:**

The maximum demand in any month will be the average kilowatt delivery of the thirty-minute interval in which the consumption of electric energy is greater than in any other thirty-minute interval in the month. The maximum demand on which the demand charge and energy block will be based will not be less than 50 per cent of the greatest maximum demand occurring during the eleven preceding months.

Demands occurring between the hours of 11 p.m. and 6 a.m. of the following day will not be considered in computing charges under this schedule.

(c) All voltages referred to in this schedule are nominal voltages.

SCHEDULE P-6.

(Canceling P-6.)

Resale Power Service.

Applicable to electric service to other electric utilities and to municipalities for distribution and resale. Service to be supplied at standard voltages of 2200 volts or over.

Territory.

Entire territory served.

Rate (A).

Service at 2200 volts up to and including lines of 25,000 volts.

(1) **Demand charge:**

First	50 k.w. or less of maximum demand	\$90 00 per month
Next	150 k.w. of maximum demand	1 50 per k.w.
Next	300 k.w. of maximum demand	1 00 per k.w.
Next	500 k.w. of maximum demand	75 per k.w.
All over	1000 k.w. of maximum demand	60 per k.w.

Plus

(2) Energy charge (to be added to the demand charge) :

First	150 k.w.h. per k.w. per month	.8 cent per k.w.h.
Next	250 k.w.h. per k.w. per month	.6 cent per k.w.h.
All over	400 k.w.h. per k.w. per month	.55 cent per k.w.h.

Rate (B).

Service at line voltages in excess of 25,000 volts.

(1) The rate is the same as that set forth under (A) above with the demand charge decreased by 15 per cent and the energy charge by 3 per cent.

Discounts.

The above rates (A) and (B) are subject to a special discount allowed to assist in developing rural territory equal to 10 per cent times the ratio of the purchasing companies' k.w.h. sales for service rendered in rural (unincorporated) territory to the total k.w.h. sales. The discount to be applied for any calendar year will be based on the previous year's sales of the resale utility.

Special Conditions.

(a) Optional rate:

Service to loads of less than 50 k.w. demand may, at the option of the consumer, be billed under Schedule P-1.

(b) Voltage:

Service under rate (A) will be supplied by the company at standard voltages of 2200 volts or more up to and including 25 k.v. lines at the consumer's option.

Service under rate (B) will be supplied by the company at its standard line voltages as available above 25 k.v.

(c) Demand:

The maximum demand in any month will be the average kilowatt delivery of the thirty-minute interval in which the consumption of electric energy is greater than in any other thirty-minute interval in the month. The maximum demand on which the demand charge and energy block will be based will not be less than 50 per cent of the greatest maximum demand occurring during the eleven preceding months.

Any demand occurring between the hours of 11 p.m. and 6 a.m. of the following day will not be considered in computing the charges under this schedule.

(d) Combination of points of delivery:

When service is delivered to a system at two or more interconnected points, charges will be based on the maximum simultaneous demand and the blocks of the demand charge will be multiplied by the number of points of delivery. When energy is delivered at voltages both above and below 25,000 volts the discount for high voltage delivery applicable to the total demand charge will be the same proportion of 15 per cent that the difference between the maximum combined simultaneous demand and the maximum simultaneous demand at voltages below 25,000 volts is of the maximum combined simultaneous demand, and the discount for high voltage delivery applicable to the total energy charge will be the same proportion of 3 per cent that the energy delivered at voltages in excess of 25,000 volts is of the total energy delivered.

SCHEDULE P-7 OF GREAT WESTERN POWER COMPANY.

(Cancelling P-7.)

Electro-Chemical and Electro-Metallurgical Service.

Applicable to service to electro-chemical and electro-metallurgical service supplied from distribution lines of 11,000 volts or over as available. This schedule contemplates an average monthly power factor of at least 85 per cent.

Territory.

Applicable to the entire territory served except in San Mateo and the city and county of San Francisco.

Rate.

Average monthly power factor of 100 per cent:

First	200 k.w. or less of maximum demand	\$875 00 per month
Next	300 k.w. of maximum demand	4 00 per k.w. per month
Next	500 k.w. of maximum demand	3 75 per k.w. per month
All over	1000 k.w. of maximum demand	3 60 per k.w. per month

Average monthly power factor less than 100 per cent:

When the average monthly power is less than 100 per cent, the above charges plus the following charges will apply:

Three cents per month per kilowatt of maximum demand for each 1 per cent that the average monthly power factor is less than 100 per cent to and including an average monthly power factor of 95 per cent plus.

Four cents per month per kilowatt of maximum demand for each 1 per cent that the average monthly power factor is less than 95 per cent to and including an average monthly power factor of 90 per cent plus.

Six cents per month per kilowatt of maximum demand for each 1 per cent that the average monthly power factor is less than 90 per cent to and including an average monthly power factor of 85 per cent.

Special Conditions.**(a) Voltages:**

Service under this schedule will be supplied by the company at standard line voltage of 11,000 volts or more as available.

(b) Maximum demand:

The maximum demand in any month will be the average kilowatt delivery indicated or recorded by instruments to be supplied, owned and maintained by the company and at the expense of the company, of that thirty-minute interval in which the consumption of electric energy is greater than in any other thirty-minute interval in the month.

(c) Contracts:

The company may require a contract not to exceed three years for service under this schedule.

(d) Applicability:

This schedule is not an open schedule and service will be granted under it only at the option of the power company or on order of the Railroad Commission, but in no event will the schedule be granted where the consumer's monthly maximum demand is less than 200 kilowatts nor more than 5,000 kilowatts, nor where the consumer's average monthly power factor is less than 85 per cent.

SCHEDULE P-7 OF PACIFIC GAS AND ELECTRIC COMPANY.

(Canceling P-7.)

SCHEDULE P-8 OF GREAT WESTERN POWER COMPANY.

(Canceling P-8.)

Stand-by Auxiliary Service.

Applicable to stand-by or breakdown service supplied to consumers whose premises are regularly supplied with light or power from a privately owned source of supply; to auxiliary service supplied to consumers who at times take service (by means of a double-throw switch) from another public service company; and to other electric service where the company must stand ready at all times to supply electricity for light or power, but where the use of electric service is not of a usual, regular or continuous character. The maximum load served under this schedule is 1,000 kilowatts.

Territory.

Applicable to the entire territory.

Minimum Charge.

For stand-by or auxiliary service rendered under this schedule the minimum charge per kilowatt or maximum load, either light or power, which the company agrees to stand ready to supply to the consumer will be:

First	20 k.w. of maximum load	-----	\$2 00 per k.w. per month
Next	80 k.w. of maximum load	-----	1 50 per k.w. per month
All over	100 k.w. of maximum load	-----	1 25 per k.w. per month

In no case, however, will the minimum charge be less than \$20 per month per service.

In case the consumer desires the company to stand ready to supply the entire connected load of the consumer's plant, or an isolated part thereof, then such maximum load will be estimated by the company, based on tests and other information available. In case the consumer desires the company to stand ready to supply a number of kilowatts less than the maximum demand of the entire consumer's plant, or an isolated part thereof, then the consumer shall at his own expense furnish and install a suitable circuit breaker enclosed in a steel box equipped with lock, all to be approved by and under the sole control of the company and the adjustment and operation of said circuit breaker to be in no way interfered with by the consumer. This circuit breaker shall be set to break the connection with the company's service in case the consumer's maximum demand shall at any time materially exceed the number of kilowatts which the company is obligated to stand ready to supply. If said circuit breaker should open, due to excess of consumer's demand above the number of kilowatts agreed on, the company will renew the connection upon due notice.

This schedule will be used in connection with such other rate schedules applicable to the class of business, if continuously supplied, as the consumer may select. The rate specified herein will, except as provided below, replace the minimum charge specified in such appropriate schedule, but the kilowatt-hour charge, demand charge, and all other conditions specified in said rate schedule (except nonapplicability to stand-by service) will remain unchanged.

Where the rate schedule applicable carries a higher minimum charge than the minimum specified herein, the former will be substituted for that provided herein.

Metering and billing for stand-by service will be kept separate and distinct from the metering and billing for regular exclusive service applied at the same location.

This schedule will only apply where the consumer will sign a contract for at least one year.

SCHEDULE P-8 OF PACIFIC GAS AND ELECTRIC COMPANY.

(Canceling P-8.)

SCHEDULE P-9 OF GREAT WESTERN POWER COMPANY.

(Canceling P-9.)

*Service to X-Ray Apparatus.**Territory.*

Applicable to entire territory served.

Rate.

Where X-ray apparatus is separately served it shall be classed as power equipment and service will be rendered in accordance with the rates for general power service applying in the various territories; except that the horsepower (or kilowatt) minimum provision of any such rate shall be modified as provided below.

At the consumer's option, service to X-ray apparatus may be rendered at the lighting rate, in which case it may be combined (where physically practicable) on the same meter with regular lighting service; provided that the minimum provisions specified below will apply in all cases.

Minimum Charge.

Where the company finds it necessary to install any special equipment other than the customary meter and service, in order to render service to an X-ray apparatus, the minimum monthly charge shall be 50 cents per kilowatt of X-ray capacity, or 50 cents per kilowatt of special transformer capacity required to serve same.

Where service to an X-ray apparatus does not require the installation of any special equipment, no horsepower (or kilowatt) minimum shall apply, and only the meter minimum specified in the rate used need be considered; provided that in no case shall the minimum be less than 90 cents per month per meter.

SCHEDULE P-9 OF PACIFIC GAS AND ELECTRIC COMPANY.

(Canceling P-9.)

SCHEDULE P-10 OF GREAT WESTERN POWER COMPANY.

(Canceling P-10.)

Railway Service.

Applicable to energy used for motive power.

Territory.

Entire territory served.

Rate.

	Alternating Current	Direct Current
First 300 k.w.h. per month per k.w. of maximum demand	\$0 85	\$1 15 per k.w.h.
Over 300 k.w.h. per month per k.w. of maximum demand	75	1 00 per k.w.h.
Monthly minimum charge per k.w. of maximum demand	1 75	2 50 per k.w.h.

Special Conditions.

(a) Applicability of schedule:

This schedule applies to direct current at trolley voltage delivered to railway feeders or to alternating current at distribution or transmission line voltage delivered to railway substations and used principally for the propulsion of cars and trains. Energy delivered at such points and voltages may also be used for lighting and power purposes incidental to railway operations, but energy delivered at separate points for shops, stations, etc., will be billed at the regular rates applicable to such uses. This schedule also applies to service to cable street railways.

(b) Maximum demand:

"Maximum demand," as used in this schedule, means the average load for the thirty-minute interval in which the consumption of energy is greater than in any other thirty-minute interval during the month, but demands created on Sundays, legal holidays, after noon on Saturdays, between 11 o'clock any evening and 6 o'clock the following morning, or as the result of interruptions in the power company's service, will not be considered.

(c) Points of delivery:

When service is supplied at more than one point of delivery the maximum simultaneous demand will be used. When both alternating and direct current are supplied, the charges for direct current service will be based on the maximum simultaneous direct current demand and the charges for alternating current will be based on the difference between the maximum simultaneous direct current demand and the maximum simultaneous combined direct and alternating current demand.

(d) Modification of rate for interruption of service:

The foregoing rates and minimum charges apply to continuous service. The rates and minimum charges applicable in any month will be reduced by one-tenth of one per cent for each minute during which the delivery of energy is suspended by the power company, provided that:

1. Suspension of service for less than ten minutes or between midnight and 6 a.m., or that has been mutually agreed upon, will not be considered.

2. The resumption of service for less than five minutes will not be considered as terminating an interruption.

3. The maximum reduction in rate on account of interruptions in any one day will be 25 per cent, and on account of interruptions in any one month, 50 per cent.

4. When service delivered at more than one point is interrupted at any one or more points, the percentage of reduction in rate computed as though the entire service was interrupted, will be multiplied by the ratio the energy delivered at the points affected bears to the total energy delivered for the month.

DECISION No. 13317.

IN THE MATTER OF THE APPLICATION OF PACIFIC GAS AND ELECTRIC COMPANY, A CORPORATION, FOR AN ORDER OF THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA AUTHORIZING APPLICANT TO INCREASE ITS RATES AND CHARGES FOR ELECTRIC ENERGY, AND PROCEEDINGS CONSOLIDATED THEREWITH (APPLICATION NUMBER 3602, CASES NUMBERS 748, 840, 930, 934, 996, 1203, 1660).

Application No. 5567.

Decided March 25, 1924.

SEAVEY AND BRUNDIGE, Commissioners.

OPINION AND ORDER ON PETITION FOR REHEARING OF PACIFIC COAST STEEL COMPANY AND JUDSON MANUFACTURING COMPANY.

Application No. 5567 of Pacific Gas and Electric Company, and other applications and cases consolidated therewith for hearing and decision, involved the determination of the value of applicant's property, its operating expenses and revenues, and the determination of reasonable rates to be charged for electricity supplied for various purposes. During the hearings in this matter, Pacific Coast Steel Company and Judson Manufacturing Company entered their appearance and urged that rates charged them for electricity had been increased more from prewar levels than had the average rates of other classes of consumers and that special consideration should be given to the rates for electricity to be paid by steel mills because of the basic character of the steel industry. In Decision No. 11457, dated December 30, 1922, the Railroad Commission gave full consideration to property values, operating expenses, revenues, etc., and fixed what were declared to be just and reasonable rates to be charged all classes of consumers.

Pacific Coast Steel Company and Judson Manufacturing Company now petition for a rehearing, alleging that the Commission intended to grant them relief, but that the schedules as actually fixed in the decision did not carry out this intention. The evidence introduced in support of the petition for rehearing shows that as a result of Decision No. 11457, consumers of the size of the steel mills in question received a slight reduction in rates when operating at a low load factor, a considerably larger reduction at higher load factors, and that the increase in the rates now paid, as compared with prewar rates, is larger than for certain other classes of consumers. The petitioners claim that their

industry is basic in character and therefore entitled to special rates, and that the load factor provisions of the regular schedule of rates work an unusual hardship upon steel mills on account of the character of their operations.

These claims have been seriously considered, but we are unable to agree that they warrant the establishment of a special rate for this industry. These petitioners as consumers of Pacific Gas and Electric Company now pay the same rates for electricity as other industrial consumers of like size and character, and we believe that this condition should continue.

We recommend the following form of order:

ORDER.

Pacific Coast Steel Company and Judson Manufacturing Company, having petitioned for a rehearing in Application No. 5567 of Pacific Gas and Electric Company and consolidated proceedings, Decision No. 11457, and the Railroad Commission being of the opinion that no change in said decision is necessary;

It is hereby ordered, that the petition for rehearing of Pacific Coast Steel Company and Judson Manufacturing Company in the above entitled matter, be and the same is hereby denied.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this twenty-fifth day of March, 1924.

DECISION No. 13318.

IN THE MATTER OF THE APPLICATION OF PACIFIC GAS AND ELECTRIC COMPANY, A CORPORATION, FOR AN ORDER OF THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA AUTHORIZING APPLICANT TO INCREASE ITS RATES AND CHARGES FOR ELECTRIC ENERGY, AND CONSOLIDATED PROCEEDINGS (APPLICATION NUMBER 3602, CASES NUMBERS 748, 840, 930, 934, 996, 1203 AND 1669).

Application No. 5567.

Decided March 25, 1924.

SEAVEY AND BRUNDIGE, *Commissioners*.

**OPINION AND ORDER ON PETITION FOR REHEARING OF
MARKET STREET RAILWAY COMPANY.**

By Decision No. 11457 in the above entitled proceeding, the Railroad Commission fixed schedules of rates for electric service to various classes of consumers to be charged by Pacific Gas and Electric Company, both

upon its own system and upon the system leased from Sierra and San Francisco Power Company.

As a consumer upon the leased system, Market Street Railway Company petitions for a rehearing of the above matter in so far as it affects the rate provided for service to electric railways, alleging that this rate is unjust and unreasonable in several particulars.

The United Railroads of San Francisco, the predecessor in interest of Market Street Railway Company, entered into a long term contract a number of years ago with Sierra and San Francisco Power Company, covering the supply of electric energy. Under this contract and agreements which supplemented it, the Sierra Company replaced the existing substation equipment of the railway company with new apparatus adapted to the use of power from the system of the Sierra Company.

The two companies were closely allied and from time to time a number of agreements have been made covering the use of distribution lines, space in substations, operation of apparatus, etc. With the leasing of the Sierra property to Pacific Gas and Electric Company on January 1, 1920, the interests of the railway company and the company furnishing it with energy, became divergent and many questions have come up regarding the application of rates and the interpretation of provisions of the original and supplemental agreements.

It does not appear that these questions are such as are within the province of this Commission to settle, except in the capacity of arbitrator. As a consumer of Pacific Gas and Electric Company, Market Street Railway Company is entitled to purchase public utility service at a just and reasonable rate and it is within the jurisdiction of this Commission to fix such a rate. Occupancy of space in substations, furnishing of machinery, etc., are not public utility services and proper compensation should be agreed upon by the parties. A more complete and definite statement of the conditions and character of the public utility service covered by the rate than has existed in the past, should be of material assistance in the settlement of such disputes.

In connection with the rate itself, Market Street Railway Company alleges certain defects. Careful consideration has been given to the evidence presented in support of these allegations and to evidence presented by Pacific Gas and Electric Company on the other side. As a result, certain modifications seem reasonable. A number of modifications in other rates, which were fixed in the same order, have been requested by Pacific Gas and Electric Company and certain of its consumers and, as a result, the Commission has, by Decision No. 13316, dated March 25, 1924, ordered modifications in many of the schedules. As a matter of record, it seems desirable that the schedules as finally modified should all be included in one order and such modifications as seem reasonable, in view of the evidence introduced in the present

matter, were, therefore, made in connection with the above mentioned decision. In view of these modifications, which have already been ordered, it appears that the present petition for rehearing may technically be dismissed and we recommend the following form of order:

ORDER.

Market Street Railway Company having petitioned for a rehearing in Application No. 5567 of Pacific Gas and Electric Company, Decision No. 11457, and the Railroad Commission being of the opinion that all necessary changes in said decision have already been made;

It is hereby ordered, that the petition for rehearing of Market Street Railway Company in the above entitled matter be and the same is hereby denied.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this twenty-fifth day of March, 1924.

DECISION No. 13319.

IN THE MATTER OF THE APPLICATION OF GREAT WESTERN POWER COMPANY OF CALIFORNIA FOR AN ORDER AUTHORIZING AN INCREASE IN RATES, AND CONSOLIDATED PROCEEDINGS (CASES NUMBERS 931, 1204, 1669).

Application No. 5585.

Decided March 25, 1924.

SEAVEY AND BRUNDIGE, *Commissioners*.

OPINION AND ORDER ON PETITIONS FOR REHEARING OF SAN FRANCISCO-OAKLAND TERMINAL RAILWAYS AND SAN FRANCISCO-SACRAMENTO RAILROAD COMPANY.

On January 3, 1924, the Railroad Commission made its Decision No. 11466 in the above mentioned proceedings, which decision established rates to be charged by Great Western Power Company of California for electric service supplied to various classes of consumers, including, among others, electric railways.

San Francisco-Oakland Terminal Railways and San Francisco-Sacramento Railroad Company now petition for rehearing in this matter to the extent that it includes the fixing of a rate to be paid for electric energy consumed by them. It is alleged that the rate for such service fixed in the above mentioned decision, is unreasonable because it includes a minimum charge, based upon the payment by the consumer,

for an amount of energy equivalent to a 35 per cent load factor, and because consideration is not given to a number of special conditions of service. These special conditions are such matters as the use by the power company of the railway company's pier for cable landings, the use of the power company of portions of the railway company's rights of way for the erection of transmission lines, the use by the power company of a portion of the railway company's property for substation purposes, etc.; all without specific charges.

The schedule of rates in question has now been in effect for substantially twelve months. An opportunity has been afforded to observe the effect of its application to the railway company's use of energy. After full consideration the Commission is of the opinion that the minimum load factor of 35 per cent specified in the schedule is too high and that modification should be made.

The special services are matters which should be taken care of by the parties independently of the rate or energy. As consumers of the power company, these railway companies or the owners of any other railways are entitled to electric service at reasonable and nondiscriminatory rates. Such rates must be based upon the service rendered rather than upon any consideration of special services or privileges which will vary in each case. Just compensation for any such special services should be agreed upon between the parties independently of the public utility electric service rendered by one to the other.

Application has been made to the Commission for a number of modifications in the rates established by the above mentioned decision, and in Decision No. 13316, dated March 25, 1924, a number of modifications in such schedules have been ordered. For convenience, and as a matter of record, the modifications in the railway schedule contemplated as a result of the present showing, are set forth in that order. The schedule complained of being so modified, the petitions for rehearing may technically be dismissed and we recommend the following form of order.

ORDER.

San Francisco-Oakland Terminal Railways and San Francisco-Sacramento Railroad Company having petitioned for a rehearing in Application No. 5585 of Great Western Power Company of California and consolidated proceedings, Decision No. 11466, and the Railroad Commission being of the opinion that all necessary and reasonable changes in said decision have been made;

It is hereby ordered, that the petitions for rehearing of San Francisco-Oakland Terminal and San Francisco-Sacramento Railroad Company in the above entitled matter be and the same are hereby denied.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this twenty-fifth day of March, 1924.

DECISION No. 13320.

IN THE MATTER OF THE APPLICATION OF PACIFIC GAS AND ELECTRIC COMPANY, A CORPORATION, FOR AN ORDER OF THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA AUTHORIZING APPLICANT TO INCREASE ITS RATES AND CHARGES FOR ELECTRIC ENERGY, AND PROCEEDINGS CONSOLIDATED THEREWITH (APPLICATION NUMBER 3602, CASES NUMBERS 748, 840, 930, 934, 996, 1203, 1669).

Application No. 5567.

IN THE MATTER OF THE APPLICATION OF GREAT WESTERN POWER COMPANY OF CALIFORNIA FOR AN ORDER AUTHORIZING AN INCREASE OF RATES, AND PROCEEDINGS CONSOLIDATED THEREWITH (CASES NUMBERS 931, 1204, 1669).

Application No. 5585.

Decided March 25, 1924.

SEAVEY AND BRUNDIGE, *Commissioners*.

**OPINION AND ORDER ON PETITIONS FOR REHEARING OF
CALIFORNIA FARM BUREAU FEDERATION.**

On December 30, 1922, the Railroad Commission made its Decision No. 11457, in Application No. 5567, and related proceedings involving the electric rates of Pacific Gas and Electric Company; and on January 3, 1923, Decision No. 11466, in Application No. 5585, and related proceedings, involving the electric rates of Great Western Power Company of California. These decisions considered the value of the property of the respective companies, the revenues, operating expenses, reasonable return, and other factors involved in rate proceedings; and fixed what were declared to be just and reasonable rates for various classes of electric service, including electricity supplied for agricultural purposes. Shortly after these decisions were issued, Judge F. S. Brittain filed two petitions for rehearing, one on behalf of the California Farm Bureau Federation and Fred H. Harvey, in the proceedings involving Pacific Gas and Electric Company, and another on behalf of California Farm Bureau Federation and E. A. Gammon, in the proceedings involving Great Western Power Company of California. As the rates fixed by the Commission for the two companies were the same, and as other matters considered in the two petitions for rehearing were related, the two matters were combined for hearing. It is the combined matter that is now ready for decision.

Considerable evidence was introduced by the petitioners and by Pacific Gas and Electric Company, under the stipulation that it would be considered not only as establishing ground for a rehearing but as the basis for modification of the previous order, should such modification be deemed necessary. The substance of the evidence introduced by petitioners is to the effect that the rates for agricultural service of both companies should have been reduced by 9 per cent, whereas the estimated reduction under the decision averaged but about 6 per cent. The evidence of the companies was in support of the contention that the rates for agricultural service, fixed by the decisions, were considerably below the actual cost of the service. This claim is made, however, in answer to the petitioners' arguments and neither company urges that these rates be increased.

Both Pacific Gas and Electric Company and Great Western Power Company operate extensive production and transmission systems, in which energy produced at a number of hydro-electric and steam-electric generating stations is delivered into transmission lines, and from these lines to substations scattered over a wide area serving practically every class of consumer under widely varying local conditions. In many instances the local substations and distributing lines serve a greatly diversified business. Under such conditions it is clearly impossible to accurately segregate the cost of production and transmission to separate consumers or classes of consumers, and the evidence introduced in this proceeding involves arbitrary segregations based upon deductions and estimates. As would be expected, the results of these estimates and deductions are conflicting, and the conclusions vary widely.

A careful analysis of the calculations of both parties has been made in the Commission's engineering department, and the conclusion reached is that neither calculation is entirely correct. The calculations presented on behalf of the petitioners appear to have been prepared with an attempt to be fair and reasonable but certain errors and false assumptions have been found which would easily influence the final result by an amount greater than the error of 3 per cent, which is sought to be proven in the previous decisions. It does not seem, therefore, that sufficient cause has been established for any general change in the level of the rates to various classes of consumers as fixed by the two decisions in question, and we therefore recommend the denial of both petitions for rehearing.

We recommend the following form of order:

ORDER.

Petitions for rehearing having been filed in Application No. 5567 of Pacific Gas and Electric Company, and related proceedings, Decision No. 11457, on behalf of California Farm Bureau Federation and Fred

H. Harvey, and in Application No. 5585 of Great Western Power Company of California, and related proceedings, Decision No. 11466, on behalf of California Farm Bureau Federation and E. A. Gammon, the causes set up in said petitions and the evidence submitted in support of them having been carefully considered, and the Railroad Commission being of the opinion that no modification in its previous decisions before referred to is necessary;

It is hereby ordered; that the above mentioned petitions for rehearing be and the same are hereby denied.

The above opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this twenty-fifth day of March, 1924.

DECISION No. 13321.

IN THE MATTER OF THE APPLICATION OF OAKLAND-SAN JOSE TRANSPORTATION COMPANY, OPERATING BETWEEN OAKLAND AND SAN JOSE, AND MERCHANTS EXPRESS AND DRAYING COMPANY, OPERATING BETWEEN SAN FRANCISCO AND OAKLAND, BERKELEY, ALAMEDA AND OTHER TRANSBAY POINTS, FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY TO ESTABLISH THROUGH ROUTE AND JOINT RATES BETWEEN SAN FRANCISCO AND SAN JOSE AND INTERMEDIATE POINTS VIA OAKLAND.

Application No. 7987.

IN THE MATTER OF THE APPLICATION OF THE CONSOLIDATED MOTOR FREIGHT LINES, INCORPORATED, AND MERCHANTS EXPRESS AND DRAYING COMPANY, FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY TO ESTABLISH AND CONTINUE IN OPERATION JOINT FREIGHT RATES BETWEEN SAN FRANCISCO AND RICHMOND, SAN LORENZO, SAN LEANDRO AND HAYWARD VIA OAKLAND.

Application No. 7996.

IN THE MATTER OF THE APPLICATION OF THE CONSOLIDATED MOTOR FREIGHT LINES, INCORPORATED, FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY TO ESTABLISH AND CONTINUE IN OPERATION JOINT FREIGHT RATES BETWEEN RICHMOND AND INTERMEDIATE POINTS ON THE ONE HAND AND SAN LORENZO, SAN LEANDRO AND HAYWARD AND INTERMEDIATE POINTS ON THE OTHER, ROUTED VIA OAKLAND.

Application No. 8077.

Decided March 25, 1924.

Gwyn H. Baker and *H. A. Loveland*, for Applicants.

L. N. Bradshaw, for Southern Pacific Company, Protestant.

Walter H. Robinson and *C. S. McLenggan*, for Pioneer-Gibson Express, Protestant.

C. K. Harper, for the Highway Transport Company, Protestant.

Theodore Harte, for Western Pacific Railroad Company, Protestant.

B. Levy and *E. T. Luccy*, for Atchison, Topeka and Santa Fe Railway Company, Protestant.

BY THE COMMISSION.

OPINION.

The above entitled applications came on regularly for hearing before Examiner Eddy on July 21st and August 21st, 1922, at which time, by stipulation, they were consolidated for hearing and decision.

Application No. 7987 is a joint application filed on behalf of A. C. Woodward, doing business under the name of Oakland-San Jose Transportation Company and Merchants Express and Draying Company, in which they apply for an order of the Railroad Commission authorizing the establishment of through route and joint rates between San Francisco, San Jose and intermediate points.

The Merchants Express and Draying Company operates motor freight service between San Francisco and East Bay points through operation in good faith as of May 1, 1917, and A. C. Woodward operates motor freight service between Oakland, San Jose and certain intermediate points under certificate obtained from the Railroad Commission in accordance with section 5 of chapter 213, Statutes of 1917, as amended. Through rates proposed are as more specifically set forth in Exhibit "A" accompanying application herein. Two sets of through rates are proposed, one from San Francisco to all points beyond Oakland to and including Irvington, the other set between San Francisco and San Jose and points south of Irvington.

Application No. 7996 is a joint application filed on behalf of Consolidated Motor Freight Lines, Incorporated, and Merchants Express and Drayage Company in which they petition for an order authorizing the establishment of through route and joint rates between San Francisco, Hayward and intermediate points and San Francisco and Richmond and intermediate points.

The Merchants Express and Draying Company operates as more specifically hereinabove set forth. The Consolidated Motor Freight Lines, Incorporated, operates motor freight service between Oakland, Hayward and intermediate points and Oakland, Richmond and intermediate points, its operative rights having been acquired by transfer of two certificates, one between Oakland and Hayward, the other between Oakland and Richmond, both created under the provisions of section 5 of chapter 213, Statutes of 1917, through operation in good faith as of May 1, 1917.

Application No. 8077 is an application filed on behalf of Consolidated Motor Freight Lines, Incorporated, for permission to establish through route and joint rates between all points served by it under two certificates acquired by transfer as hereinabove mentioned, namely, Richmond-Oakland and Oakland-Hayward and intermediate points.

Some question has arisen in this proceeding as to the jurisdiction of the Railroad Commission over the establishment of through route and

joint rates by connecting carriers operating under the provisions of the Automobile Stage and Truck Transportation Act, chapter 213, Statutes of 1917, and amendments thereto. This question, we believe, has been very fully determined by the Commission in *Western Motor Transport Company*, Decision No. 9892, in which the Commission held in effect that an individual or corporation securing two connecting certificates could not lawfully operate a through service over both of said two certificates unless they had first secured an additional certificate from the Commission declaring that public convenience and necessity require such through service, nor could two connecting lines establish joint fares and through route and render a service different from or greater than that authorized under their existing operative rights unless they had first secured by formal order permission so to do. The principles set forth therein were affirmed by the Supreme Court of this state in *Motor Transit Company vs. Railroad Commission*, S. F. 10099, 64 Cal. Dec. 278.

We believe that there is no necessity for further discussion as to the Commission's jurisdiction in these proceedings and, accordingly, will proceed to a determination of the three applications upon the evidence introduced.

With reference to the proposed through rates between San Francisco, San Jose and intermediate points, via Oakland: Freight moving over this route would have to be picked up in the city of San Francisco, the trucks moving to Oakland via ferry, transferred from the Merchants line to the Woodward line at one or the other of the two lines' depots in the city of Oakland and the freight then transported to point of destination.

At the present time there are operated directly between San Francisco and San Jose, via the Peninsula road, the Pioneer-Gibson Express, Highway Transport Company, Peninsula Parcel Delivery, Southern Pacific Company and the American Railway Express, all of which render a direct service between the termini of San Francisco and San Jose without the necessity of transfer of commodities en route.

There is nothing in the record whatsoever which would incline this Commission to the belief that the service proposed by applicants herein between the termini of San Francisco and San Jose, via Oakland, would afford to the shipping public a service in any manner more desirable either as to time or rates than that already given by the existing transportation companies hereinabove mentioned. Particularly in view of the fact that the natural avenue of freight moving between such points is following what is known as the Peninsula road and not by ferry to Oakland, there to be transferred to another truck for movement from Oakland to San Jose. We do, however, find that the evidence does justify the establishment of joint rates and through route as

proposed by applicant between San Francisco and Irvington and intermediate points. The order will so provide.

With reference to Application No. 7996: It is contended in this proceeding that joint rates and through route have been established by applicant Merchants Express and Draying Company prior to May 1, 1917. A search of the tariff filings of such carriers does not bear out this contention. C. R. C. No. 1 of the Merchants Express and Draying Company, issued February 1, 1918, effective February 1, 1918, names points as follows: San Francisco, Oakland, Berkeley, Alameda, Piedmont, Emeryville, Fruitvale, Melrose. There is no mention in such tariff of any joint rates between points east of Melrose. It was not until December 23, 1921, that the Merchants Express and Draying Company filed its C. R. C. No. 2, canceling No. 1, dated December 23, 1921, effective December 29, 1921, that such rates were quoted, the Merchants Express and Draying Company publishing local and joint rates in connection with the Consolidated Motor Freight Lines quoting rates between San Francisco and San Leandro, San Lorenzo, Hayward and San Francisco and Richmond. No formal authority of the Railroad Commission, however, was obtained authorizing the filing or publication of such joint rates.

C. R. C. No. 1 of the Williams Motor Express Company, predecessor in interest to Consolidated Motor Freight Lines, Incorporated, applicant in this proceeding, quoted local rates between Oakland, Fruitvale, Melrose, San Leandro and Hayward and also joint rates between the same points as hereinabove named and San Francisco, Berkeley, Alameda and Piedmont in connection with Santa Fe Express Company F. 2 No. 1. No mention in such tariff, however, is made of any joint rates with the Merchants Express and Draying Company, nor as hereinabove stated does the original tariff filing of the Merchants Company quote any such joint rates.

C. R. C. No. 1 of the Richmond Motor Express Company issued and effective February 1, 1918, quotes joint rates between Alameda, Emeryville, Oakland and Richmond and San Francisco, Alameda, Piedmont, Melrose and San Leandro in connection with B-Line Transfer F. 2 No. 1, Kellogg Express Company F. 2 No. 1 and Merchants Express and Draying Company F. 2 No. 2. As will be noted the tariffs of the three companies above mentioned were not filed with the Commission until some time in 1918, none of such companies filed tariffs quoting freight rates effective as of May 1, 1917, nor is there sufficient proof in the record in this proceeding which would justify the Commission in holding that such companies had established and were operating under through routes and joint rates in good faith as of May 1, 1917. The evidence, in this proceeding, however, does justify the Commission in finding that public convenience and necessity require the

establishment of joint rates and through routes as proposed in Application No. 7996, that is between San Francisco and Oakland on the one hand and Hayward and intermediate points to Oakland on the other, and between San Francisco and Oakland on the one hand and Richmond and intermediate points to Oakland on the other. The order will so provide.

Application No. 8077 is an application of the Consolidated Motor Freight Lines, Incorporated, for an order authorizing the establishment of joint rates, and through routes between its Richmond-Oakland line on the one hand and its Hayward-Oakland line on the other. Both the Richmond and Hayward territory are directly contributory and only a short distance from the city of Oakland. It is a natural route for truck freight and the evidence clearly shows that public convenience and necessity warrant the establishment of joint rates over this territory.

In authorizing, however, the establishment of joint rates and through route between the Merchants Express Company operating between San Francisco and Oakland and A. C. Woodward operating between Oakland and Irvington and between the Merchants Express and Draying Company and the Consolidated Motor Freight Lines, Incorporated, the latter operating between Oakland and Richmond and Oakland and Hayward, it will be distinctly understood that the Commission in no manner whatsoever authorizes either or any of said companies to operate their equipment over the territory covered by certificates of one or any or all of the other companies.

ORDER.

Public hearings having been held in the above entitled proceedings, evidence introduced, the matters submitted and the Commission being fully advised;

It is hereby ordered, that A. C. Woodward, doing business under the name of Oakland-San Jose Transportation Company, and Merchants Express and Draying Company, a corporation, be and they hereby are authorized to file within a period of not to exceed ten (10) days from date hereof, effective within ten (10) days after filing, joint rates as set forth by Exhibit "A" attached to their application herein quoting class rates and minimum charges between San Francisco and all points beyond Oakland to and including Irvington.

It is hereby further ordered, that Application No. 7987 be and it hereby is in all other respects denied.

It is hereby further ordered, that the Consolidated Motor Freight Lines, Incorporated, and Merchants Express and Draying Company, a corporation, be and they hereby are authorized to establish and continue

in effect joint rates and through route between San Francisco and Oakland on the one hand and Richmond and intermediate points to Oakland on the other and San Francisco and Oakland on the one hand and Hayward and intermediate points to Oakland on the other as set forth in tariffs now on file with the Railroad Commission.

It is hereby further ordered, that Consolidated Motor Freight Lines, Incorporated, be and it hereby is authorized to establish and continue in effect joint rates and through route as at the present time set forth in tariffs filed by the Consolidated Motor Freight Lines, Incorporated, quoting rates between Richmond and Oakland on the one hand and Hayward and Oakland on the other.

Dated at San Francisco, California, this twenty-fifth day of March, 1924.

DECISION No. 13328.

IN THE MATTER OF THE APPLICATION OF FOWLER INDEPENDENT TELEPHONE COMPANY, A CORPORATION, FOR AN ORDER AUTHORIZING AND PERMITTING APPLICANT TO ESTABLISH AND MAKE EFFECTIVE SERVICE CONNECTION CHARGES.

Application No. 9840.

Decided March 26, 1924.

BY THE COMMISSION.

ORDER.

WHEREAS, Fowler Independent Telephone Company having filed an application with this Commission requesting authority to file and place in effect certain rules and regulations relative to service installation charges and service connection charges; and

WHEREAS, this Commission found these rules and regulations to be reasonable in its Decision No. 8146 (18 C. R. C. 912), which decision ordered that all telephone utilities operating within the State of California be authorized to file such rules and regulations within thirty (30) days of the date of that order (August 1, 1920); and

WHEREAS, applicant in this proceeding did not file such rules and regulations within the period stated in the decision just referred to, applicant now requests that it be granted authority to file such rules and regulations, and it appearing that other utilities operating under similar conditions have now in effect such rules and regulations, and there appearing no good reason why applicant should not file and place in effect rules and regulations governing installation charges and connection charges, as provided by this Commission in its Decision No. 8146;

It is hereby ordered, that Fowler Independent Telephone Company be and it is hereby authorized to file with this Commission the following rules and regulations:

A. Individual and party line service, each station-----	\$3 50
Each extension station-----	1 50
Private branch exchange service:	
Each trunk line to central office-----	3 50
Each station except operator sets, initial installation-----	3 50
Each additional station installed after initial installation-----	1 50
B. For the establishment of service by the use of instrumentalities in place on the subscriber's premises-----	1 50
In cases where service is established by use of instrumentalities in place on the subscriber's premises, if at subscriber's request a change is made in the type or location of facilities, the charges for moves and changes are applicable to the change, provided the total charges shall not exceed the charges for the initial establishment of service, as specified in paragraph A.	
C. The service connection charge shall be applicable to all service except farmer line service.	
D. For restoration of service temporarily disconnected for nonpayment, subscriber's temporary absence, or for any other reason for which the subscriber is responsible except a change in class of service or location of facilities-----	1 00

Provided, that said rules and regulations be filed with this Commission within thirty (30) days of the date of this order; and further provided that the installation charges of sections A and B above, received with applications for service up to and including April 30, 1924, be subject to return in accordance with applicant's present practice.

Dated at San Francisco, California, this twenty-sixth day of March, 1924.

DECISION No. 13331.

IN THE MATTER OF THE INVESTIGATION, UPON THE COMMISSION'S OWN MOTION, OF THE REASONABLENESS AND ADEQUACY OF FACILITIES AND OF THE REASONABLENESS OF THE RATES OF THE EAST BAY WATER COMPANY IN THE SERVICE OF WATER TO MUNICIPALITIES.

Case No. 1977.

Decided March 27, 1924.

RATES—WATER UTILITY—SERVICE TO MUNICIPALITIES.—Held that the equipment, facilities and distribution system of East Bay Water Company for the service of water to the municipalities of Alameda, Richmond, Berkeley, Oakland, Piedmont, Emeryville and San Leandro for public use are inadequate and insufficient. Additional equipment and facilities of the kind reasonably required are ordered installed by the utility. The determination of the reasonable rates to be charged the municipalities for this service to be postponed pending the taking of additional testimony.

Leon E. Gray, for City of Oakland.

G. N. Richardson, for City of Piedmont.

Matthew C. Lynch, City Attorney, and Earl J. Sinclair, Assistant City Attorney, for City of Berkeley.

W. J. Locke, City Attorney, for City of Alameda.

J. Allison Bruner, City Attorney, for City of San Leandro.
D. J. Hall, City Attorney, for City of Richmond.
R. S. Hawley, City Attorney, for City of Emeryville.
E. O. Edgerton, for East Bay Water Company.
Miss M. A. Ross, *in propria persona*.

SEAVEY, *Commissioner*.

OPINION.

This is a proceeding on the Commission's own motion dealing with the adequacy of facilities and reasonableness of rates of the East Bay Water Company in the service of water to municipalities for public use.

It was not intended by the Commission to deal in this proceeding with all phases of the utility's service nor to review generally its rates. The proceeding is rather of an emergency character to determine what, if any, additional facilities should be immediately installed to meet the needs of the various cities served by the utility, and to fix a proper rate for this character of service pending a general consideration of the utility's rate structure which would be undertaken in a future proceeding.

The Commission, by its Decision No. 10347, rendered April 22, 1922, dealing with the rates of the East Bay Water Company, gave consideration to the proposal of the municipalities that certain improvements be ordered in the distribution facilities of the company in order to improve the service of water for fire protection, and concluded, upon the evidence then presented, that an order directing the installation of such facilities and the inclusion of the cost thereof in the rate base was not justified. The recommendation was made, however, that the utility and the municipalities endeavor, by negotiation and conference, to work out a solution of the problem in a manner that would be mutually satisfactory.

Subsequently, the question of providing the desired facilities was taken up by the utility and the various cities, and in both Alameda and Richmond contracts were executed for the installation of additional mains and for the payment by the cities of an annual charge intended to cover substantially the cost of such installation. The work of installation was immediately commenced, and at the time of the hearing in this proceeding had been practically completed. Similar contracts have been under consideration by the cities of Berkeley, Oakland, Piedmont, Emeryville and San Leandro, but with the exception of the city of Berkeley, where the contract, after being signed, was held up pending the possibility of a referendum, no definite results were achieved. In all of these negotiations it was recognized, and the contracts which were executed expressly provided, that the Commission would have full jurisdiction to require the installation of added facilities reasonably required for the rendition of good service by this utility and to fix the rates for such service regardless of any agreement or contract which the utility and the cities should make.

The ability of the cities to pay, out of the funds raised by taxation, any proper rate for the service of water for public use has always been an important factor in the determination of the question of what additional facilities should be installed for this particular service. In reaching a definite basis on this point, these direct negotiations between the cities and the utility have served a useful purpose notwithstanding the Commission's undoubted jurisdiction to make an order which might supersede the contracts.

Hearings were had in this proceeding on February 29 and March 7, 1924, and evidence submitted on behalf of the cities of Alameda, Berkeley, Oakland, Richmond, Piedmont, Emeryville and San Leandro, showing the nature and extent of additional facilities desired by each of these cities for the service of water for public use and the urgency for the immediate installation of such facilities. Where contracts had been negotiated copies of these contracts were filed, in addition to engineering reports which had been made preparatory to the execution of the contracts. Reports of the National Board of Fire Underwriters' committee on fire prevention and engineering standards dealing with the cities of Alameda, Berkeley, Oakland and Richmond were also filed. At these hearings the parties completed their showing relative to the necessity for added facilities, and at the conclusion of the hearing on March 7, it was stipulated that the matter could be deemed submitted on this phase of the proceeding and that the Commission might proceed at once to make its order thereon, reserving for later consideration the determination of the reasonable rate to be paid for water served for public use by means of the added facilities required by such order. The Commission has concluded to adopt the plan suggested by this stipulation.

The evidence shows that unless the East Bay Water Company is advised at an early date of the extent of the new installations required, it will be unable to place its orders for steel pipe in time to procure delivery which will enable its installation before the approaching dry season. It is expedient, therefore, that the delay incident to receiving further evidence and reaching a decision on the question of rates be avoided. Practically all of the new installation contemplated will become a part of the general distribution of the utility. Its use, therefore, will not be restricted to the service of water to municipalities alone, and, as in the case of the mains already installed, some portion of the cost is attributable to the general service of the utility for domestic and industrial uses. It is recognized that these questions will require careful consideration by the Commission, and they will therefore be deferred for a later hearing.

ORDER.

A proceeding having been instituted on the Commission's own motion for the purpose of investigating the reasonableness and adequacy of rates of the East Bay Water Company, a public utility, for the service of water for public use, public hearings having been held and the matter having been submitted on the question of the reasonableness and adequacy of facilities:

The Railroad Commission hereby finds that the equipment, facilities and distribution system of the East Bay Water Company, a public utility, are inadequate and insufficient for the service of water to the municipalities of Alameda, Richmond, Berkeley, Oakland, Piedmont, Emeryville and San Leandro, and that additional equipment and facilities of the kind and description herein directed to be installed are reasonably required for the maintenance of reasonable, adequate and sufficient and proper service of water by such utility to said municipalities for public use; and basing its order upon said findings of fact and additional statements and findings of fact included in the opinion preceding this order;

It is hereby ordered, that the East Bay Water Company do proceed immediately with the acquisition of the necessary materials and the doing of the work hereafter described and constituting the improvements in, extensions of and additions to the distribution system and facilities of said utility required in the service of water for public use:

Alameda. In the city of Alameda there shall be installed all those facilities listed, specified and enumerated in that certain schedule attached hereto and marked "Exhibit A," which schedule is hereby made and declared to be a part hereof, the same as if herein set forth in full.

Berkeley. In the city of Berkeley there shall be installed all those facilities listed, specified and enumerated in that certain schedule attached hereto and marked "Exhibit B," which schedule is hereby made and declared to be a part hereof, the same as if herein set forth in full.

Oakland. In the city of Oakland there shall be installed all those facilities listed, specified and enumerated in that certain schedule attached hereto and marked "Exhibit C," which schedule is hereby made and declared to be a part hereof, the same as if herein set forth in full.

Richmond. In the city of Richmond there shall be installed all those facilities listed, specified and enumerated in that certain schedule attached hereto and marked "Exhibit D," which schedule is hereby made and declared to be a part hereof, the same as if herein set forth in full.

San Leandro. In the city of San Leandro there shall be installed all those facilities listed, specified and enumerated in that certain schedule attached hereto and marked "Exhibit E," which schedule is hereby made and declared to be a part hereof, the same as if herein set forth in full.

Emeryville. In the town of Emeryville there shall be installed all those facilities listed, specified and enumerated in that certain schedule attached hereto and marked "Exhibit F," which schedule is hereby made and declared to be a part hereof, the same as if herein set forth in full.

Piedmont. In the city of Piedmont there shall be installed all those facilities listed, specified and enumerated in that certain schedule attached hereto and marked "Exhibit G," which schedule is hereby made and declared to be a part hereof, the same as if herein set forth in full.

It is hereby further ordered, that within ten (10) days from and after the effective date of this order the East Bay Water Company shall report to this Commission all steps then taken in compliance therewith, and thereafter shall file progress reports at intervals of thirty (30) days, until the completion of the work contemplated by this order, advising this Commission in each such report of all such work done since the then last preceding report; provided, however, that if any portion of the work hereinabove ordered shall have been done, or any of the installations herein contemplated made prior to the making of this order, the East Bay Water Company shall, within ten (10) days from and after the effective date of this order, report to this Commission the fact and extent of any and all such completed work, which shall thereupon be accepted as compliance with this order as to such portion of the work.

This proceeding shall be held open for the taking of additional testimony and the making of such order or orders relative to the determination of the reasonable rate to be charged for the service of water for municipalities for public use as the Commission may find to be just and proper.

The effective date of this order is hereby fixed as April 20, 1924.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this twenty-seventh day of March, 1924.

EXHIBIT "A."
CITY OF ALAMEDA.

Street	Between	Approximate length, feet	Size and kind
Lincoln avenue.....	Park street and Webster street.....	11,300	20" S. I.
Lincoln avenue.....	Webster street and Third street.....	3,280	8" C. I.
San Jose avenue.....	Park street and Morton street.....	5,480	8" C. I.
Morton street.....	San Jose avenue and San Antonio avenue.....	370	8" C. I.
St. Charles street.....	San Antonio avenue and Pacific avenue.....	2,390	8" C. I.
Chestnut street.....	San Antonio avenue and Eagle avenue.....	3,160	8" C. I.
Grove street.....	Encinal avenue and Central avenue.....	960	6" C. I.
Pearl street.....	Lincoln avenue and Fernside boulevard.....	1,380	6" C. I.
Clement avenue.....	Pearl street and Broadway.....	490	6" C. I.
Taylor avenue.....	St. Charles street and Webster street.....	3,160	6" C. I.
Taylor avenue.....	Sixth street and Third street.....	1,900	6" C. I.

EXHIBIT "B."
CITY OF BERKELEY.

Street	Between	Approximate length, feet	Size and kind
Harrison	Fourth and Second	680	6" C. I.
Gilman	Fourth and Second	680	6" C. I.
Page	Sixth and Second	1,340	6" C. I.
Cedar	California and McGee	680	6" C. I.
Virginia	Fourth and Second	680	8" C. I.
Virginia	San Pablo and Fourth	2,280	8" C. I.
Virginia	Acton and San Pablo	2,560	10" C. I.
Virginia	California and Grant	1,320	6" C. I.
Virginia	Milvia and Shattuck	680	6" C. I.
Delaware	San Pablo and Acton	2,440	6" C. I.
Berkeley	Grant and Shattuck	2,050	10" C. I.
Berkeley	Grove and Grant	670	8" C. I.
Bancroft	Fourth and San Pablo	2,280	8" C. I.
Bancroft	Sacramento and California	660	6" C. I.
Bancroft	Oxford and Telegraph	1,600	10" C. I.
Bancroft	Telegraph and Bowditch	660	8" C. I.
Channing	Milvia and Shattuck	750	8" C. I.
Parker	Third and San Pablo	2,560	8" C. I.
Parker	Hillegas and Benvenue	380	6" C. I.
Stuart	Grove and Ellsworth	2,800	8" C. I.
Snyder	Third and Fourth	340	8" C. I.
Russell	Telegraph and College	1,800	8" C. I.
Ashby	San Pablo and Acton	1,600	8" C. I.
Ashby	Acton and Sacramento	670	6" C. I.
Ashby	California and Ellis	1,100	6" C. I.
Folger	Seventh and San Pablo	1,330	6" C. I.
Prince	Adeline and Telegraph	2,800	8" C. I.
Woolsey	California and Adeline	1,850	8" C. I.
Woolsey	College and Claremont	1,270	6" C. I.
Thousand Oaks	Peralta and The Alameda	1,250	6" C. I.
Walk	Cabrillo and The Alameda	500	6" C. I.
Peralta	Solano and Colusa	2,100	6" C. I.
Montrose	Santa Barbara and Spruce	350	6" C. I.
Santa Barbara road	Montrose to Northhampton avenue	1,220	6" C. I.
San Luis	Montrose to Indian Rock	1,340	6" C. I.
Spruce	Regal to Halkin	1,350	8" C. I.
Solano	Fresno to The Alameda	280	10" C. I.
Fresno	Sonoma to Solano	2,180	10" C. I.
Sonoma	Josephine to Fresno	370	10" C. I.
Sonoma	Fresno to Colusa	370	6" C. I.
Colusa and Posen	(Sonoma to Posen) (Colusa to Monterey)	1,250	6" C. I.
Hopkins	Rose to The Alameda	5,450	6" C. I.
Milvia	Rose to Hopkins	1,980	6" C. I.
Milvia	Channing to University	2,350	8" C. I.
Sutter	Los Angeles to Amador	500	8" C. I.
Terrace walk	Sutter to Walnut	800	8" C. I.
Eunice	Milvia to Walnut	1,000	6" C. I.
Walnut	Rose to Eunice	1,320	10" C. I.
Walnut	Eunice to Terrace walk	860	8" C. I.
Shattuck	Terrace walk to Los Angeles	570	6" C. I.
Cedar	Oxford to Euclid	1,700	6" C. I.

EXHIBIT "B"—Continued.

CITY OF BERKELEY—Continued.

Street	Between	Approximate length, feet	Size and kind
Cedar.....	Euclid to Leroy.....	680	8" O. I.
Hearst.....	Shattuck to Oxford.....	670	10" O. I.
Hearst.....	Oxford to Spruce.....	300	12" O. I.
Hearst.....	Leroy to La Loma.....	500	8" O. I.
Spruce.....	Hearst and Rose.....	3,000	12" O. I.
Spruce.....	Rose and Summer.....	1,000	6" O. I.
Scenic.....	Cedar and LeConte.....	1,150	6" O. I.
Euclid.....	Buena Vista and Hawthorne.....	760	6" O. I.
Vine.....	Euclid and Hawthorne.....	320	6" O. I.
Leroy.....	Cedar and Hearst.....	1,830	8" O. I.
Shattuck.....	Addison and Allston.....	710	10" O. I.
Addison.....	Shattuck and Oxford.....	450	10" O. I.
Oxford.....	Hearst and Allston.....	1,650	10" O. I.
Atherton.....	Allston and Bancroft.....	670	10" O. I.
Allston.....	Oxford and Atherton.....	200	10" O. I.
Ellsworth.....	Carlton and Dwight.....	1,020	8" O. I.
Ellsworth.....	Prince and Ashby.....	800	8" O. I.
Dana.....	Bancroft and Durant.....	330	6" O. I.
Hillegas.....	Russell and Parker.....	2,000	8" O. I.
Prospect.....	Dwight and Canyon road.....	1,300	6" O. I.
Claremont blvd.....	Claremont and Garber.....	1,700	6" O. I.
Claremont road.....	Claremont and Garber No. 2.....	1,750	6" O. I.
Claremont road.....	Claremont road and Claremont.....	700	6" O. I.
Walk.....	The Uplands and Hillcrest road.....	375	6" O. I.
Hillcrest road.....	Walk and Uplands.....	1,100	6" O. I.
The Uplands.....	Hillcrest road and Tunnel road.....	1,630	6" O. I.
Tunnel road.....	Uplands and Short Cut.....	1,040	6" O. I.
Adeline.....	Sixty-second street and Alcatraz.....	750	6" O. I.
Adeline.....	Alcatraz and Prince.....	1,500	8" O. I.
Grant.....	Carlton and University.....	4,000	12" O. I.
Grant.....	University and Rose.....	3,650	10" O. I.
California.....	Prince and Stuart.....	2,000	8" O. I.
California.....	Ward and University.....	4,650	8" O. I.
California.....	Delaware and Cedar.....	1,320	6" O. I.
Acton.....	Alcatraz and Ashby.....	2,250	8" O. I.
Acton.....	Ashby and Russell.....	620	6" O. I.
Acton.....	Carlton and Virginia.....	5,680	10" O. I.
Mabel.....	Carlton and Dwight.....	1,820	8" O. I.
Bonar.....	Dwight way and Channing.....	2,300	6" O. I.
Seventh.....	Channing and University.....	1,880	6" O. I.
Fourth.....	Snyder and Parker.....	650	6" O. I.
Fourth.....	Parker and Dwight way.....	1,850	6" O. I.
Third.....	Camella and north city limits.....	1,900	8" O. I.
Euclid.....	Snyder and Parker.....	1,500	6" O. I.
College.....	Eunice and Keith.....	660	12" O. I.
Vine.....	Channing and Bancroft.....	300	6" O. I.
Bancroft.....	Hawthorne and Scenic.....	600	12" O. I.
Piedmont.....	College and Piedmont.....	1,320	12" O. I.
Euclid.....	Back of University.....	10,000	6" O. I.
	Marin.....		

EXHIBIT "C."
CITY OF OAKLAND.

Street	Between	Approximate length, feet	Size and kind
Foothill boulevard.	Twenty-fifth avenue and Seminary.	14,740	20" S. I.
Twenty-fourth street, Mead street, San Pablo avenue, Sycamore, Telegraph avenue and Twenty-sixth street.	Adeline and Broadway.	5,880	24" S. I.
Thirty-sixth street, West.	San Pablo avenue and Berkeley city line.	11,025	20" S. I.
Fifty-third and Dover Sts.	Franklin and Wood.	1,940	12" S. I.
Tenth street.	Tenth street and Seventh street.	1,300	12" S. I.
Wood street.	Twenty-fourth Ave. and Twenty-fifth Ave.	2,000	12" S. I.
East Eleventh street.	East Eleventh street and Elmwood.	600	12" S. I.
Twenty-ninth avenue.	Twenty-ninth avenue and Fruitvale.	1,010	12" S. I.
Elmwood.	Elmwood and Twenty-ninth avenue.	1,200	6" C. I.
Twenty-ninth avenue.	East Eleventh street and East Ninth street.	300	6" C. I.
Twenty-seventh avenue.	Twenty-seventh Ave. and Twenty-ninth Ave.	1,310	6" C. I.
East Ninth street.	Twenty-ninth avenue and Doby.	1,000	6" C. I.
Glascock.	Glascock and Elmwood.	1,080	6" C. I.
Derby.	Fruitvale and Lancaster.	400	6" C. I.
Chapman.	East Twelfth street and East Tenth street.	1,060	6" C. I.
Forty-fifth avenue.	Forty-ninth avenue and Fifteenth avenue.	1,000	6" C. I.
East Tenth street.	East Tenth street and Garfield.	310	6" C. I.
Fiftieth avenue.	Fiftieth avenue and Fifty-fourth avenue.	1,020	6" C. I.
Garfield.	East Fourteenth street and Garfield.	2,220	6" C. I.
Fifty-fourth avenue.	East Fourteenth St. and East Twelfth St.	715	6" C. I.
Forty-eighth avenue.	East Twelfth street and East Tenth street.	600	8" C. I.
Thirty-fifth avenue.	East Fourteenth St. and East Eighteenth St.	1,820	6" C. I.
East Sixteenth street.	Thirty-ninth avenue and Bridge avenue.	525	6" C. I.
Bridge avenue.	East Sixteenth street and Foothill boulevard.	1,010	6" C. I.
Thirty-ninth avenue.	East Eighteenth street and Foothill boulevard.	575	8" C. I.
East Eighteenth street.	Thirty-ninth avenue and Twentieth avenue.	200	6" C. I.
Fortieth avenue.	East Eighteenth St. and East Seventeenth St.	175	6" C. I.
East Seventeenth street.	Fortieth avenue and Rosedale.	260	6" C. I.
Rosedale.	East Seventeenth St. and East Sixteenth St.	340	6" C. I.
East Sixteenth street.	Rosedale and Forty-first avenue.	190	6" C. I.
Forty-first avenue.	East Fourteenth street and Foothill boulevard.	1,400	6" C. I.
Forty-fifth avenue.	East Fourteenth street and Foothill boulevard.	1,160	6" C. I.
Forty-seventh avenue.	East Fourteenth street and Foothill boulevard.	1,160	6" C. I.
Fiftieth avenue.	Foothill and Bond.	350	6" C. I.
Hampel.	Park boulevard and Everett.	1,940	8" C. I.
Everett.	Hampel and East Thirty-eighth street.	1,140	8" C. I.
East Thirty-eighth street.	Everett and Hopkins.	440	8" C. I.
Elston.	Hampel and East Thirty-eighth street.	885	6" C. I.
Randolph.	Hampel and East Thirty-eighth street.	885	6" C. I.
Everett.	Park boulevard and Vista.	850	6" C. I.
Vista.	Everett and Wellington.	700	6" C. I.
Hampel.	Park boulevard and Fleet road.	650	6" C. I.
Fleet road.	Hampel and Creed road.	275	6" C. I.
Oresd road.	Oavanaugh and Fleet road.	450	6" C. I.
Nineteenth avenue extension.	East Twelfth street and Dennison.	2,500	8" C. I.
Calaveras.	Prospect and Seminary.	2,650	6" C. I.
Seminary.	Calaveras and Outlook.	1,875	6" C. I.
Patterson.	Harbor View and Bayo.	1,000	6" C. I.
Harbor View.	Patterson and Thirty-fifth avenue.	1,200	6" C. I.
Thirty-fifth avenue.	Harbor View and California.	1,010	8" C. I.
Wisconsin.	Thirty-fifth avenue and Laurel.	1,725	6" C. I.
Laurel.	Wisconsin and California.	900	6" C. I.
High street.	Hopkins and Redding.	350	8" C. I.
Redding.	High and Meldon.	875	8" C. I.
Meldon.	Redding and Birdsall.	700	8" C. I.
Birdsall.	Meldon and Fleming.	3,140	8" C. I.
Morcom.	Birdsall and Keyes.	700	6" C. I.
Keyes.	Morcom and Fifty-fifth avenue.	675	6" C. I.
Fifty-fifth avenue.	Keyes and Fleming.	1,440	6" C. I.
Thirty-eighth avenue.	Foothill and Carrington.	1,430	8" C. I.
Monticelo.	Brookdale and Fairfax.	790	6" C. I.
Bond.	Fiftieth avenue and Fifty-fifth avenue.	2,833	6" C. I.
Fifty-first avenue.	East Fourteenth street and Bond.	1,170	6" C. I.
Fairfax.	Fifty-fifth avenue and Foothill.	1,270	6" C. I.
Fifty-fifth avenue.	East Fourteenth street and Bond.	2,470	6" C. I.
Twenty-third avenue.	E. Twenty-fourth St. and E. Twenty-sixth St.	675	6" C. I.
Twenty-second avenue.	Twenty-third Ave. and E. Twenty-seventh St.	585	6" C. I.
Brookdale.	Fruitvale and Humboldt.	2,065	6" C. I.
Davis.	Peralta and Thirty-fifth avenue.	1,490	6" C. I.

EXHIBIT "C"—Continued.

CITY OF OAKLAND—Continued.

Street	Between	Approximate length, feet	Size and kind
Seminary	Calaveras and Seventy-third avenue	3,375	6" C. I.
Seventy-third avenue	Seminary and Foothill	4,575	6" C. I.
Eighty-second avenue	Onve and Dowling	1,225	10" C. I.
Eighty-second avenue	Dowling and Hillside	350	8" C. I.
Eighty-second avenue	Hillside and Foothill	940	6" C. I.
Hillside	Eighty-second Ave. and Seventy-ninth Ave.	1,135	6" C. I.
Dowling	Eighty-second Ave. and Eighty-seventh Ave.	1,825	6" C. I.
Ninety-fifth avenue	Ninety-fifth avenue, Wells, and Edes	1,640	8" C. I.
Edes	Ninety-eighth avenue and Quince	1,885	6" C. I.
Quince	Edes and Pearmaine	690	6" C. I.
Pearmaine	Quince and Moorpark	1,050	6" C. I.
Cary	Hale and Edes	420	6" C. I.
Hale	Cary and Douglas	1,075	6" C. I.
Hamilton	Sixty-eighth Ave. and Seventy-fifth Ave.	1,450	6" C. I.
Hawley	Sixty-eighth Ave. and Seventy-fifth Ave.	1,450	6" C. I.
Seventy-ninth avenue	Rudsdale and Hawley	1,760	10" C. I.
Seventy-eighth avenue	Rudsdale north to Hyde	590	6" C. I.
Seventy-ninth avenue	Rudsdale north to Hyde	710	6" C. I.
Eighty-first avenue	Rudsdale and "B" street	785	6" C. I.
Eighty-fourth avenue	"D" street and East Fourteenth street	1,735	6" C. I.
Jean	Santa Rosa and Sunnyslope	335	8" C. I.
Sunny Slope	Jean and Grand	630	8" C. I.
Grand	Sunny Slope and Crofton	185	8" C. I.
Crofton	Grand and Walker	320	8" C. I.
Walker	Crofton and Cottage	1,740	8" C. I.
Mandana	Grand and Lake Shore	1,450	6" C. I.
Warfield	Boulevard way and Fairbanks	940	6" C. I.
Fairbanks	Warfield and Warfield	145	6" C. I.
Lake shore	Harvard and Walavista	1,895	6" C. I.
Carlston	Walavista and Mandana	910	8" C. I.
Mandana	Carlston and Piedmont city line	1,785	10" C. I.
Portal	Mandana and Ashmount	435	6" C. I.
Ashmount	Portal and Mandana	1,665	6" C. I.
Calmar	Mandana and Paloma	1,580	6" C. I.
Paloma	Mandana and Lerida	1,065	6" C. I.
Lerida	Paloma and Rosal	710	6" C. I.
Harrison boulevard	Nineteenth street and Twentieth street	690	6" C. I.
Twentieth street	Harrison and Webster	500	6" C. I.
Nineteenth street	Broadway and Jackson	1,915	12" S. I.
Jackson	Nineteenth street and Lake street	270	12" S. I.
Lake	Jackson and Oak	785	12" S. I.
Oak	Lake and Thirteenth street	1,390	12" S. I.
Fairmount	Moss and Frisbie	1,750	6" C. I.
Kempton	Fairmount and Fairmount	1,275	6" C. I.
Frisbie	Fairmount and Walsworth	380	6" C. I.
Walsworth	Santa Clara and Twenty-ninth street	1,850	6" C. I.
Santa Clara	Jean and Perry	1,930	6" C. I.
Crescent	Santa Clara and Perry	595	6" C. I.
Valle Vista	Santa Clara and Elwood	430	6" C. I.
Haddon road	Athol and Hillgirt circle	1,290	6" C. I.
Brooklyn	Park boulevard and Newton	2,315	6" C. I.
Cleveland	Merritt and Montclair	1,880	6" C. I.
Montclair	Cleveland and Prospect	465	6" C. I.
Prospect	Montclair and Montclair	150	6" C. I.
Montclair	Prospect and Excelsior	685	6" C. I.
R. of W. and paths	Excelsior and Mandana	1,340	10" C. I.
Walter	Ninety-eighth avenue and Clara	1,220	6" C. I.
Morecom	Keyes and Birdsall	2,300	6" C. I.
Redding	Meldon and Pierson	1,685	6" C. I.
Pierson	Redding and Morecom	480	6" C. I.
Tompkins	High and Buell	1,750	6" C. I.
Steele	High and Huntington	575	6" C. I.
Huntington	Tompkins and Albert	940	6" C. I.
Pampas	High and Madrone	300	6" C. I.
Madrone	Pampas and Tulip	245	6" C. I.
Tulip	Madrone and Green Acre	480	6" C. I.
Peralta	Twelfth street and Thirty-fourth street	6,885	12" S. I.
Mountain boulevard	Present 6" and spring tank	1,730	6" C. I.

EXHIBIT "D."
CITY OF RICHMOND.

Street	Between	Approximate length, feet	Size and kind
Morgan avenue.....	Richmond Res.	600	8" C. I.
Water.....	Richmond Res. and Santa Fe avenue.....	400	8" C. I.
Santa Fe.....	Water and Bishop.....	300	8" C. I.
Bishop.....	Santa Fe and Washington.....	500	8" C. I.
Washington.....	Bishop and Richmond.....	1,400	8" C. I.
Richmond.....	Washington and Alvarado.....	1,700	8" C. I.
Alvarado.....	Richmond and scene.....	600	8" C. I.
Scene.....	Alvarado and A. T. & S. F. Ry.....	1,600	8" C. I.
Vine.....	A. T. & S. F. Ry. and Washington.....	700	8" C. I.
Railroad.....	Richmond and Standard.....	1,050	12" S. I.
Seventh.....	Lucas and Pennsylvania.....	550	8" C. I.
Pennsylvania.....	Seventh and Turpin.....	750	8" C. I.
Turpin and Fifth.....	Pennsylvania and Nevin.....	2,200	8" C. I.
Fourth.....	Nevin and Chanslor.....	1,700	8" C. I.
Chanslor.....	Fourth and Espel.....	5,100	10" C. I.
Espe.....	Twenty-first and Twenty-third.....	1,000	10" C. I.
Twenty-third.....	A. T. & S. F. Ry. and Pullman.....	200	10" C. I.
Third.....	Ohio and Main.....	1,000	8" C. I.
Main.....	Third and Seventeenth.....	3,700	8" C. I.
Main.....	Seventeenth and Twenty-eighth.....	3,200	8" C. I.
Twenty-eighth.....	S. P. right of way and Pullman.....	200	8" C. I.
Clinton.....	Tenth and Twelfth.....	550	8" C. I.
Twelfth.....	Clinton and Macdonald.....	2,400	8" C. I.
Pine avenue.....	Twenty-third and Twenty-sixth.....	1,100	8" C. I.
Twenty-sixth.....	Pine and Market.....	600	8" C. I.
Roosevelt.....	Portola and Twenty-third.....	2,300	8" C. I.
Gaynor.....	Twenty-third and Eighteenth.....	1,400	8" C. I.
Eighteenth.....	Gaynor and Roosevelt.....	1,700	8" C. I.
Nevin.....	Twenty-first and Twenty-third.....	600	8" C. I.
Esmond.....	Twenty-third and San Pablo.....	5,300	8" C. I.
Clinton.....	Twenty-third and Thirtieth.....	2,600	8" C. I.
Thirtieth.....	Esmond and Grant.....	1,300	8" C. I.
Grant.....	Thirtieth and Twenty-ninth.....	300	8" C. I.
Twenty-ninth.....	Grant and Barrett.....	1,500	8" C. I.
Barrett.....	Twenty-third and Thirtieth.....	2,300	8" C. I.
Barrett.....	Thirtieth and Wilson.....	4,000	8" C. I.
Barrett.....	Wilson and San Pablo.....	300	8" C. I.
Macdonald.....	Twenty-third and Thirty-second.....	2,600	12" S. I.
Macdonald.....	Thirty-second and Wilson.....	4,200	12" S. I.
Macdonald.....	Wilson and San Pablo.....	300	12" S. I.
Thirty-seventh.....	Macdonald and Maine.....	2,200	8" S. I.
South.....	Pullman and Beck.....	700	8" S. I.
South.....	Beck and Wall.....	300	8" S. I.
Wall.....	South and Forty-seventh.....	3,200	8" S. I.
Wall.....	Forty-seventh and San Pablo.....	1,500	8" S. I.
Forty-sixth.....	Wall and Willow.....	2,300	8" C. I.
Forty-sixth.....	Willow and Potrero.....	200	8" C. I.
Cypress.....	Forty-seventh and Fiftieth.....	1,200	8" C. I.
Fiftieth.....	Cypress and Bay View.....	1,600	8" C. I.
Bay View.....	Fiftieth and San Pablo.....	3,000	8" C. I.
Seventh.....	Nevin and A. T. & S. F. right of way.....	2,000	8" C. I.
A. T. & S. F. R. right of way.....	Seventh and Richmond pump.....	2,000	8" C. I.
Tenth.....	Nevin and Macdonald.....	450	16" S. I.

EXHIBIT "E."
CITY OF SAN LEANDRO.

Street	Between	Approximate length, feet	Size and kind
Durant avenue.....	Kenilworth and Hollywood boulevard.....	1,100	12" S. I.
Thornton street.....	Washington avenue and Martinez street.....	1,840	8" C. I.
Martinez street.....	Thornton street and Davis street.....	1,880	8" C. I.
Broadmoor boulevard.....	Kenilworth and Breed avenue.....	2,550	6" C. I.
Breed avenue.....	Cambridge avenue and Broadmoor boulevard.....	250	6" C. I.
Cambridge avenue.....	Breed avenue and East Fourteenth street.....	1,340	6" C. I.
Haas avenue.....	East Fourteenth street and Woodland avenue.....	1,630	6" C. I.
Beverly avenue.....	Broadmoor boulevard and Bever.....	1,520	6" C. I.
Bancroft avenue.....	Broadmoor boulevard and Dutton avenue.....	1,800	6" C. I.
Dowling boulevard.....	Kenilworth and Lewis avenue.....	1,840	6" C. I.
Mitchell avenue.....	Hollywood boulevard and Dutton avenue.....	1,780	6" C. I.
Victoria avenue.....	Kenilworth avenue and Hollywood boulevard.....	1,900	6" C. I.

EXHIBIT "F."
TOWN OF EMERYVILLE.

Street	Between	Approximate length, feet	Size and kind
Green street.....	Sixty-third street and Berkeley line.....	1,950	8" C. I.
Sixty-third street.....	D. yle street and Berkeley line.....	510	6" C. I.
Hollis and Green.....	South of Powell.....	700	6" C. I.
Forty-seventh street.....	San Pablo and Adeline.....	710	6" C. I.

EXHIBIT "G."
CITY OF PIEDMONT.

Street	Between	Approximate length, feet	Size and kind
Avenue "B".....	Mulberry and Mountain.....	490	8" C. I.
Mountain.....	Avenue "B" and Hagar.....	150	8" C. I.
Right of Way.....	Scenic and Scenic.....	475	8" C. I.
Scenic.....	Right of way and path.....	1,020	8" C. I.
Path.....	Scenic and Pala.....	180	8" C. I.
Union.....	Crocker and Indian road.....	1,075	8" C. I.
Moraga road.....	Mesa and north of Pala.....	1,930	6" C. I.
Pala avenue.....	Moraga road and Mesa.....	2,060	6" C. I.
Mesa avenue.....	Pala and Moraga road.....	850	6" C. I.
Moraga road.....	Bonita and Highland.....	350	6" C. I.
Bonita.....	Moraga and Ramona.....	500	6" C. I.
Scenic.....	Right of way and Oakland.....	400	6" C. I.
Pacific.....	Oakland and Mountain.....	480	6" C. I.
Mountain.....	Pacific and Caperton.....	1,185	6" C. I.
Caperton.....	Mountain and Sheridan.....	530	6" C. I.
Dormidera.....	Shar n and Pacific.....	220	6" C. I.
Pacific.....	Dormidera and Hagar.....	245	6" C. I.
Hagar.....	Pacific and Mountain.....	165	6" C. I.
Mountain.....	Bellevue and Sea View.....	260	6" C. I.
Lake View.....	Sea View and road from Poplar way.....	500	6" C. I.
Lincoln.....	Crocker and Sea View.....	630	6" C. I.
Highland.....	Caperton and Wildwood.....	440	6" C. I.
Wildwood.....	Highland and Sheridan.....	650	6" C. I.
Woodland way.....	Wildwood and Woodland way.....	400	6" C. I.
Lake avenue.....	Between Sunnyside and Linda.....	300	6" C. I.
Linda avenue.....	From Lake avenue northwesterly.....	60	6" C. I.

DECISION No. 13332.

IN THE MATTER OF THE APPLICATION OF WESTERN STATES GAS AND ELECTRIC COMPANY, A CORPORATION, FOR AN ORDER INCREASING ITS ELECTRIC RATES IN ITS STOCKTON DIVISION.

Application No. 6886.

IN THE MATTER OF THE INVESTIGATION ON THE COMMISSION'S OWN MOTION INTO THE REASONABLENESS OF RATES OF THE WESTERN STATES GAS AND ELECTRIC COMPANY FOR SERVICE OF GAS IN THE CITY OF STOCKTON.

Case No. 1664.

Decided March 27, 1924.

RATES—GAS AND ELECTRIC RATE BASE.—The property value to be used as a rate base for the year 1923, fixed at \$6,245,345, for the electric department, and \$2,331,510 for the gas department.

WATER RIGHTS.—Water rights value not considered because utility failed to demonstrate a value therefor, or to show their original cost.

DEVELOPMENT COST.—Development cost not allowed because it was demonstrated that utility earned during development period an amount for interest and depreciation over and above the cost of money.

RESERVE—ACCRUED DEPRECIATION.—Utility required to present plan for increasing its reserve for accrued depreciation to a proper amount.

OPERATING ACCOUNT.—Utility censured for charging to operation the cost of work more properly chargeable to depreciation.

MANAGERIAL FEE.—The fee charged by Byllesby Engineering and Management Corporation of Chicago was not included in operating expenses in full, consideration being given only to the value of services rendered.

FEDERAL INCOME TAX.—Included in operating expenses, but bond coupon tax excluded.

INJURY AND DAMAGE CLAIMS.—Excessive sums for payment of injuries and damage suits not allowed, the Commission holding that these are not proper when compensation and liability insurance premiums are allowed in full.

SIMILAR TERRITORY CONSIDERED.—In fixing rates, consideration was given to rates in effect in adjacent and similar territory.

Chickering and Gregory, by *Allen L. Chickering* and *Evan Williams*; *Nutter, Hancock and Rutherford*, by *W. B. Nutter*, for Western States Gas and Electric Company.

Stanley M. Arndt, for Interveners and Stockton Merchants Association.

Stewart and Louittit and *Stanley M. Arndt*, for National Paper Products Company. *Chas. W. Slack* and *Edgar T. Zook*, by *O. K. Patterson*, for Natomas Company of California.

M. P. Shaughnessy and *J. Leroy Johnson*, for City of Stockton.

T. C. Nelson, for California Farm Bureau Federation.

WHITTLESEY, Commissioner.

OPINION.

Western States Gas and Electric Company is a California corporation supplying gas and electricity to the cities of Stockton and Eureka and electricity in the rural districts surrounding these cities and in and around the city of Richmond. The company is controlled and managed, through indirect stock ownership, by the Byllesby Engineering and Management Corporation of Chicago.

The present proceedings involving gas and electric rates are confined to the Stockton division. The electric business of this division

has some 20,700 consumers and the system covers the territory from Stockton to just south of Sacramento and east to a line drawn through Placerville, Plymouth and Jenny Lind. Up to January, 1924, approximately 37 per cent of the electric energy requirements has been produced in the company's hydro plant located on the American River just north of Placerville. With the exception of a small amount generated by a steam plant in Stockton, the remaining energy has been purchased from Pacific Gas and Electric Company and Great Western Power Company. The status of the electrical department will be radically changed during 1924, as the company will bring into operation an additional 20,000 kilowatt hydro plant. This is known as the El Dorado project.

The gas business of this division is limited to the city of Stockton, where a mixed gas of approximately 65 per cent manufactured and 35 per cent natural gas is sold to some 11,900 consumers.

The Stockton division of the Western States Company is practically surrounded by lines of Pacific Gas and Electric Company. The lines of the Great Western Power Company are also contiguous on the north and west. Very little competition now exists, but the character of the territory served by the three companies is similar and it has been urged that no reason exists for any considerable variation in the charges for electric energy between the three companies.

The Western States Gas and Electric Company was organized in 1910 by the purchase and consolidation of several small utilities among which were the American River Electric Company and the Stockton Gas and Electric Corporation. Large sums of money were expended in 1912 and 1913 towards unifying and extending these properties so that adequate service could be rendered at a reasonable cost. This work was hastened by the application of the Oro Electric Corporation to this Commission for permission to engage in the electric business in Stockton. This application was denied, but the Western States Company was required to improve service and decrease electric rates.

History of rate proceedings.

The electric rates of the Western States Company have not heretofore been subject to a complete review by this Commission. During the war period and that of high prices following, the increased costs to which all utilities were subjected resulted in several proceedings in which both gas and electric rates of this company were increased to offset greater costs of operation, but there was no valuation of property nor complete determination of reasonable rates made. The present electric rates were authorized in Decision No. 8459 (19 C. R. C. 153) dated December 20, 1920.

On June 3, 1921, the company filed its application No. 6886 for an increase in electric rates, alleging that it was not earning the rate of

return found reasonable by the Commission. On June 27, 1921, a protest to this requested increase was filed on behalf of W. D. Buckley and other consumers together with counter applications asking for reductions in both gas and electric rates. On the same day, as a result of a conference with the Stockton Chamber of Commerce, the company made formal request for dismissal of its application. The Commission refused to dismiss the proceeding on account of the counter applications which were amended and refiled on August 4, 1921. To avoid certain technical difficulties, the Commission then initiated a proceeding on its own motion, Case No. 1664, an investigation into the gas rates in the city of Stockton. This was then consolidated for hearing with the electrical application No. 6886.

On August 3, 1921, there was a reduction in the price of oil of 25 cents per barrel, and this coupled with prior reductions made the cost of oil 60 cents less per barrel than the price taken into consideration in fixing the gas rates authorized by Decision No. 8459. The company thereafter filed a supplementary application asking that gas rates be reduced by 5 cents per thousand cubic feet. As, however, Application No. 6886 and Case No. 1664 had already been set for hearing, this supplementary application was consolidated therewith. Hearings were held on September 6, 7 and 13, 1921. This part of the proceeding was held to be of an emergency nature, and its submission was based on the stipulation that the entire matter of gas and electric rates would be reopened upon completion of an appraisal of the physical property. The preliminary order (Decision No. 9830) in the present proceedings denied an emergency increase in electric rates, and authorized gas rates which would vary with the change in cost of oil; a differential of $1\frac{1}{2}$ cents per thousand cubic feet for each 10 cent change in the price of oil per barrel being established as an automatic feature in the rate, the base price of oil being \$1.70 per barrel. Since that date two reductions in gas rates have been made under this automatic clause, the first by Decision No. 10786, dated July 25, 1922, and the second by Decision No. 10891, dated August 29, 1922. Rates are at present based upon oil at \$1.20 per barrel.

Valuations of both gas and electric properties of the company in the Stockton division were completed and filed with the Commission early in 1923. Proceeding was thereupon reopened and hearings held in Stockton on March 27th and 28th, May 24th and 25th, and July 17th, 18th and 19th. On July 19th, the matter was submitted subject to a further report by the Commission's staff on maintenance accounts and the filing of answering briefs by counsel. This report has been made, briefs have been filed and the matter is ready for decision.

Valuation.

Two valuations were submitted in evidence, one by Mr. E. Uhlen-dorf for the company and one by Mr. R. M. Vaughan, the Commission's valuation engineer. Both valuations are based upon an inventory made by the company and checked by the Commission's engineers. The inventory was of December 31, 1921, and in both instances the pricing was done by applying average material and labor costs covering the period from January 1, 1912, to January 1, 1922. The unit costs were developed from a voucher analysis made jointly by the company's and the Commission's engineers and by comparison of unit costs on other appraisals. Both valuations include overhead and indirect cost percentages as derived by Mr. Vaughan in a prior valuation of the Pacific Gas and Electric Company. The final valuations presented differ by approximately \$200,000, the totals reported for the physical plant being as follows:

Properties of Western States Gas and Electric Company, Stockton Division.
Exclusive of Intangibles—as of December 31, 1921.

	Valuation by Uhlen-dorf	Valuation by Vaughan
Electric department -----	\$5,434,369 00	\$5,361,160 00
Gas department -----	2,126,724 00	2,005,514 00
Total -----	\$7,561,093 00	\$7,366,674 00

In further discussion of the value of this property Mr. Vaughan's figures will be used.

ELECTRIC DEPARTMENT.

The California Farm Bureau Federation has raised certain objections to the valuations as presented, it being urged that the electric valuation was in reality, except for certain hydro and steam plant equipment, a reproduction cost estimate based upon ten years average prices from 1912 to 1921 rather than an estimate of the historical reproduction cost; that the overhead and indirect costs had been applied to the valuation without regard to the actual expenditures incurred by the company; that no allocation of capital to the water department had been made; that certain property constructed through operating expenses had been included in capital; that labor costs for transmission line construction in the mountain district were unreasonably high; and that the unit labor costs applied had been arbitrarily increased over those of the Pacific Gas and Electric Company historical reproduction cost estimates.

Relative to the unit costs, it appears that, exclusive of certain of the larger units included in the hydro-electric and steam plant construction, the valuation was based upon average prices for the ten-year period from 1912 to 1921. This average was used, due partly to lack of sufficient records to determine the prices prior to 1912. It appears to

have been Mr. Vaughan's judgment, after comparing the prices determined from an analysis of costs actually incurred with very complete studies made in the Pacific Gas and Electric Company appraisal, that the price level used resulted in a close approximation of the probable historical reproduction costs of the properties.

As to the general application, it does not appear that this conclusion has resulted in an unreasonable valuation, but in the particular instance of the American River flume and ditch, the application does not appear to be entirely justified. This flume was built in 1903, partly reconstructed in 1912 and enlarged in 1915. The unit costs allowed in the valuations were based upon a study of prices paid for material purchased mainly for maintenance, and give considerable weight to the higher prices prevailing from 1916 to 1921. It does not appear that the prices of material used in maintenance should be the basis for an estimate of the historical reproduction cost, and a deduction should be made of \$45,000 from the basic cost and \$64,000 from the total cost including indirect charges and overheads to correct the appraisal to conform to the historical reproduction cost.

In the appraisal submitted by Mr. Vaughan, the overhead allowances have been based upon those found reasonably applicable to similar property in other cases rather than that which might be determined from the actual charges made by the Western States Gas and Electric Company. In the charges of the company, no amount has been set up for contingencies and omissions which would be applicable in the case of an inventory and appraisal, and it appears further that there is some doubt as to correctness of actual segregation of charges between capital and operation in the company's accounts. The overhead charges allowed are reasonable capital items. Adjustment for any erroneous accounting should be made in operating expense estimates.

The Farm Bureau urges that some segregation of capital should be made between the water and the electric departments. From the evidence, it does not appear that, as to the property considered in operation during the year 1923 used herein in measuring the return to the company, any allocation should be made to the water business, provided the earnings from water sales are included as revenue. Some allocation should probably be made were consideration being given to the investment in the new El Dorado development which, however, will not be operative until 1924.

The Farm Bureau urges that the company has charged to maintenance and operating expenses in some instances more or less complete reconstruction of large units of its flume and transmission lines, and that in the valuation presented this property is included, and, unless deducted, the company will be able to capitalize plant actually paid for through rates. As to the flume, it appears that no duplication

can be considered as existing in view of the reduction in amount allowed herein, and in view of the further fact that lumber used in patching the flume, which is lumber in excess of the standard construction, has not been included in the inventory. The criticism of the transmission and distribution accounts is based mainly on the tendency of the company to charge work to operating expenses that should be charged in part to capital and in part to depreciation. There is no evidence which would justify any change in the valuation figure on this account, but it is apparent that further consideration should be given to this matter in its relation to reasonable operating expense.

The transmission lines were divided by Mr. Vaughan between mountain lines and valley lines. A labor cost for mountain line construction was estimated at twice that for valley construction. In the unit cost analysis, freight, hauling and unloading are included in material costs, leaving for labor cost the cost of distribution of poles from the point of unloading, cost of digging holes and setting poles. Without question, a considerable additional cost of labor would be expected for mountain construction owing to cost of distribution and probable increased difficulties due to rock formations, etc. The country traversed by the transmission lines of the Western States Company is not as rough in general as that for which the Commission in the past has found an allowance of 50 per cent increase in labor cost to be reasonable. Considering the evidence, I am convinced that an allowance of only 50 per cent for labor costs over valley line construction should be made. A deduction on this account of \$20,649 from the basic costs and \$24,800 from the appraisal including overhead costs will be made.

The record shows that great difficulty was experienced in deriving accurate labor costs. Reliable information was available for the period from 1916 to 1921. It appears that, after investigating the costs of construction as experienced by the company, and comparing these costs with the costs determined for the same period on the Pacific Gas and Electric system, it was concluded that a reasonable average unit cost for the property of the Western States Company would be represented by a cost 10 per cent higher than the historical unit costs applied to the Pacific Gas and Electric Company property. The 10 per cent increase was made applicable for the purpose of giving weight to the increased cost of labor for the years 1920 and 1921, which were covered by that inventory and appraisal of this company, but which higher unit cost period was not considered in connection with the Pacific Gas and Electric Company appraisal. It appears that the allowances made were reasonable, and that the final appraisal made represents as close an approximation as could reasonably be obtained, of the probable historical reproduction costs of the property,

although in actual figures it is a reproduction cost new based on a ten-year price level.

Water rights.

The company claims to own the rights to 150 second-feet of water on the south fork of the American River, of which 45 second-feet is subject to a prior right. Four exhibits were presented, calculated on different bases, leading to a value for this water right. In addition the company relies on the testimony of Mr. Erickson that its value is close to \$450,000 and the testimony of Mr. Kahn that the company has agreed to pay \$400,000 for the release of the 45 second-feet now held by the El Dorado Water Corporation.

The Commission has held in a previous case that "if a utility claims a value for water rights it must sustain the burden of demonstrating such value." (9 C. R. C. 603.) Three of the calculations submitted are based upon production costs as they are, as against costs as they would be if steam power were used or if the entire energy requirements of the company were purchased from other producers. As is usual with such calculations, by a slight change in the estimates and assumptions upon which they are based, they can be made to indicate a negative value for the water rights. The Commission has always held that such methods are unsound. The fourth exhibit attempts to show that the Byllesby interests paid \$718,442 more for the properties of the American River Electric Company than the actual physical property was worth as revealed by a valuation made nearly three years later. By assuming that a portion of this amount represented going value, the claim is made that \$533,000 was paid for water rights. In regard to this 1913 valuation, upon which we are asked in this instance to place reliance, the company says in its brief, in a discussion of the value of the American River flume:

* * * it will be noted that the 1921 valuation, which was very carefully prepared and checked, found greater length for flume and ditch than did the 1913 valuation, and it may be safely assumed that the under valuing of this part of the property in 1913, was due to many errors in the work. * * *

Aside from the company's doubtful position in urging a claim for value based upon an appraisal which it later argues is unreliable, the acceptance of such a figure would be dangerously close to accepting the purchase price paid for the properties in 1911.

The only other claim which must be considered is the contract entered into by the company for the payment to El Dorado Water Corporation for release of the obligation to supply 45 second-feet above the new power plant. The record shows that this water is used for irrigation, domestic and mining purposes, and that it has been the basis for the building up of an agricultural community. The homes and the value of the property of the users of this water, who are the

members of the El Dorado Water Corporation, depend upon this water and it would not be relinquished except upon a payment sufficient to replace it by another supply or equivalent to the value of the consumers' improvements now dependent upon it. The right now in question is that of using for power purposes water that is later released and there is no evidence to show that any other use could be made of the water under this condition, nor that this right could be disposed of at the claimed value.

The company has failed to demonstrate a value for its water rights or to satisfactorily show their original cost, and no allowance will be made herein.

Franchises and organization expense.

The company's annual report shows that the various franchises held by the company have cost \$1,794, and this amount is included in capital herein.

The Commission has always recognized the validity of claims for organization expenses, and sums varying from one-fourth on one and one-half per cent of the physical plant value have been allowed. In this case there is no direct evidence as to the actual expense incurred, although the company claims \$67,709, this being one per cent of the physical valuation. It is urged by the Farm Bureau that an arbitrary sum should not be allowed, due to the possibility of all such expenses having been a part of the Byllesby Company services and charged to operation. Inasmuch as the Commission refuses to recognize the Byllesby charges, except in relation to the actual value received, this objection is not valid. Three-quarters of one per cent will be allowed in the rate base for organization expense.

Development cost.

The company claims \$450,000 in capital as the cost of developing its electric business, basing its claim upon the testimony of Mr. Erickson, of the Byllesby Company, and Mr. Alley, an employee of the Western States Company. An exhibit was introduced calculating a development cost by two different methods, both based upon the idea testified to by Mr. Erickson that an electric plant should be on a paying basis in four or five years. The first method works back an annual rate base from the 1921 valuation and shows a deficit of \$357,963 at the end of the fifth year from the time of purchase, based upon required net earnings for interest and depreciation of 10.5 per cent. The annual deficit is compounded at $8\frac{1}{4}$ per cent interest. Mr. Johnstone, an assistant engineer of the Commission, presented in evidence a calculation prepared on the same theory as that presented by the company, but reducing the required earnings to the more reasonable figure of $8\frac{1}{4}$ per cent,

based upon cost of money at 6 per cent, and depreciation at $2\frac{1}{4}$ per cent. On this basis, a surplus is acquired, and there is evidently no showing of actual loss below the cost of money having been incurred. The second computation by the company is a theoretical study of the cost of the construction and development of a business of this kind, based upon a two-year construction period and a three-year development period. The figures therein are based largely on hypothetical estimates, and can not be said to even simulate actual conditions. Mr. Alley testified to the expense incurred by the company in 1911, for the purpose of acquiring new consumers. Electric appliances were given away and houses were wired free. Inasmuch as Mr. Kahn testified later that the cost of this campaign was charged to operating expenses, and Mr. Johnstone has shown that the company earned over $8\frac{1}{4}$ per cent for interest and depreciation during this period, this can not now be claimed as development cost. No allowance will be made herein for development cost.

Rate base.

Table No. 1 shows the development of the rate base for the calendar year 1922. The claims of the company, those of the Farm Bureau, and the rate base found reasonable herein after a careful consideration of the evidence, are shown in parallel columns. The additions and betterments for 1922 include an item of \$687 reported by Messrs. Whitaker and Johnstone of the Commission's staff as being deductible from operating expense account E-51 and chargeable to capital in accounts C-14 and C-15.

An inventory of materials and supplies as of December 31, 1921, made in connection with Mr. Vaughan's valuation, gives a figure of \$153,251. The company's inventory as of December 31, 1922, shows a value of \$157,300. There is no evidence to show what part of this material should be allocated to the construction department, or whether the amount of material on hand is reasonable. The average percentage of fixed capital allowed by the Commission for materials and supplies for operations, in five recent electric cases, has been 1.4 per cent. This utility has at present a greater proportion of distribution property than other utilities considered. It would appear, under the conditions, that $1\frac{1}{4}$ per cent should be sufficient in this case. This amounts to \$94,000.

Working cash capital has been computed as one-sixth of the operating expenses reasonably incurred, exclusive of purchased power, taxes and insurance, plus one-twelfth the cost of purchased power. From this has been deducted one-fourth of the state tax accrual for the year.

TABLE NO. 1.
Rate Base for the Year 1922,
Electric Department, Western States Gas and Electric Company.

	Company	Farm Bureau	Found reasonable herein
Organization	\$67,709 00	-----	\$40,000 00
Franchises	-----	-----	1,794 00
Physical value, December 31, 1921	5,434,369 00	\$4,631,000 00	5,272,360 00
One-half 1922 additions	146,576 00	182,580 00	182,922 00
Less line extension deposits	-----	-----	30,000 00
Subtotals	\$5,648,651 00	\$4,813,580 00	\$5,467,076 00
Materials and supplies	153,252 00	96,272 00	94,000 00
Working capital	169,993 00	50,260 00	71,956 00
Development cost	450,000 00	-----	-----
Water rights	450,000 00	-----	-----
Total rate base	\$6,871,904 00	\$4,960,112 00	\$5,633,032 00

Since the submission of this proceeding, there has become available the operating statements of the company, together with statements of additions and betterments for the year 1923. In view of this further information which, in accordance with the understanding at the proceeding, may be considered by the Commission, it appears advisable that the year 1923 be used as a basis for determining the return and reasonableness of rates of this company rather than the year 1922. Adding to the rate base for 1922, set forth above, one-half the reasonable additions and betterments in 1923, the rate base for the year 1923 is found to be as set forth in Table No. 2 below:

TABLE NO. 2.
Rate Base for the Year 1923,
Electrical Department, Stockton Division, Western States Gas and Electric Company.

Organization	\$40,000 00
Franchises	1,794 00
Physical property, December 31, 1921	5,272,360 00
Additions and betterments, 1922	365,844 00
One-half additions and betterments, 1923	419,347 00
Less line extension deposits	30,000 00
Subtotal	\$6,069,345 00
Material and supplies	102,000 00
Working cash capital	74,000 00
Total rate base	\$6,245,345 00

Depreciation.

Mr. Paul Thelen has made a study, for the Commission, of the reasonable depreciation requirements of both the gas and electric departments. Based upon the \$5,259,197 of depreciable electric property shown in Mr. Vaughan's valuation of December 31, 1921, Mr. Thelen calculates an annuity of \$97,714.66 and a reserve of \$1,355,905 as of June 30, 1923. The calculation of annuity is made on the 6 per cent sinking fund method and averages approximately 1.86 per cent. Notwithstanding that allowances in excess of this percentage have been used in previous rate cases, the company had credited to this reserve up to December 31, 1922, only \$780,000 for its entire system. Total charges against this reserve to December 31, 1922, were \$290,135.88, of which

\$162,243.62 were for the Stockton division. While it must be borne in mind that the basis for former allowances by the Commission and accruals by the company are radically changed by reason of the present valuation, it is evident that the company has inadequate reserves back of its property, and that it should be required to make some sacrifices to build up this deficiency. Reasonable requirements will be made in the order herein.

A great deal of testimony has been taken regarding the practice of the company in allocating the cost of replacements between depreciation and maintenance. Mr. Thelen's annuities have been computed according to the standard practice of the Commission, and should be changed only in such particulars as are unavoidable when consideration is taken of fixed accounting methods. Where possible, discrepancies and duplications will be adjusted in operating expenses.

Depreciation on automobiles is fully covered by charges to operating expenses, as is also the replacement of small tools. The annuities for these items can be deducted. The actual charges against the reserve for the replacement of meters and transformers have been less by far, than the annuities set up by Mr. Thelen. This is partially accounted for by the fact that material only is retired and also by the possibility that much of this equipment is still relatively new. Moreover there have been no radical changes in design during recent years. These annuities will be left unchanged for the present, but the company will be expected, in the future, to retire the labor of installation, as originally capitalized, as well as the material itself.

These deductions, together with changes resulting from the altered valuation figures, lead to a revised annuity of \$82,500 on property as of December 31, 1921, \$85,500 on the average capital for the year 1922, and \$92,500 for the average capital for 1923. The estimate of accrued depreciation on June 30, 1923, for the average capital for 1923, is similarly revised to \$1,240,000.

Operating expense.

The actual operating expenses incurred during the years 1919 to 1922, inclusive, are a part of the record in this proceeding. Mr. Johnstone made a study of these expenses for the Commission, and submitted in evidence, revised figures for a normal year, based upon 1922 conditions, and also an estimate for the year ending June 30, 1924. The Farm Bureau, as a part of its brief, has also submitted an estimate of reasonable expenses for the year 1922. There is now available actual records of revenues and expenses for the year 1923.

As heretofore stated, it appears reasonable to use the conditions of the year 1923 as a basis to measure the reasonableness of existing rates. This is done, although the operating conditions will materially change

in 1924, as far as production of power is concerned. The evidence indicates, however, that the general effect of the change which will occur by reason of the completion of the El Dorado plant will at least temporarily tend to increase, rather than to decrease the cost of power. The analysis of operating expenses will include both the year 1922 and the year 1923.

It is evident from the testimony, that some adjustment must be made in expenditures actually reported by the company, as some accounts contain expenditures which would not occur under normal conditions. Maintenance charges must also be harmonized with the depreciation annuities herein required. Table No. 3 sets forth the reported operating expenses for the years 1922 and 1923, and the revised estimates of expenses for these years which, from the evidence in this proceeding, are found reasonably chargeable to operating expenses in the determination of the rates.

Production expenses have been revised to reflect the present rates for power purchased, and to eliminate all but one year's charge for rental of federal lands. Oil costs to the steam plant have been computed upon the present price of oil, paid by this company. No change has been made in the maintenance cost of the American River Power Plant flume, as it is evident that this structure is nearing the end of its useful life, and the very high cost of repairs is not likely to decrease until the flume is renewed. Transmission expenses have been reduced somewhat in the account "Inspection and Patrolling," and the account "Repairs to Overhead Transmission System" has been reduced by an amount reported by Mr. Whitaker and Mr. Johnstone as covering reconstruction work improperly charged to operation. Under distribution expense, the accounts "Repairs to overhead distribution lines" and "Repairs to street lighting system" have been adjusted in a like manner.

A large part of the testimony in this case concerns the "Byllesby Operating Fee," a charge made by the Byllesby Engineering and Management Corporation of $2\frac{1}{2}$ per cent of the gross revenue of the company for supervision and management. The larger portion of the evidence presented by the Stockton Merchants Association bears on this subject, and the brief of its attorney is largely directed to urging that the charge should be entirely deducted. The Farm Bureau reaches the conclusion that a lump sum of \$15,000 would be a sufficient allowance. Two exhibits dealing with this matter were presented by the Commission's engineering department. One exhibit compared the general and commercial expenses of the Western States Company with those of other California utilities, and the second reduced the amount of this fee from $2\frac{1}{2}$ per cent to 2 per cent of the gross revenue of the company, based on a consideration of its possible value. The company has intro-

duced five voluminous exhibits in an attempt to justify the charge, and much of its brief is devoted to the same purpose. It would be useless to attempt to review herein all of this testimony. To a large extent the claims of the company are of a general nature, and it is apparent that the determination of the reasonableness of this charge is a difficult task. It does not appear that the Commission can accept the basis of allowing a percentage of gross revenue as the charge to operating expenses. On this basis, changes in rates would result in changes in this charge without any comparable change in the value of the services rendered. The comparison of administrating costs of this and other companies can not be strictly relied upon as a measure, at least unless full consideration can be given to the value of the services rendered. While all California utilities keep their books according to a prescribed classification of accounts, the interpretation of the classification by different accountants leads to a varying segregation, which throws an element of uncertainty about any such comparison. The Byllesby Engineering and Management Corporation receives from the Western States Company $2\frac{1}{2}$ per cent of the gross revenue as a managerial fee and, in addition, the company maintains a local general staff and a local general manager, who receives a salary considerably in excess of that generally paid to local division managers by other utilities. I am convinced that the local company's expenses are unreasonable and that a duplication exists to the extent that the company is paying a managerial fee and, in addition, the salary of a high-priced general manager. If Byllesby Corporation were to pay the salary of the local general manager out of its fee and not charge it to the local company, the resultant amount for general and commercial expenses would be reasonable as compared with the cost to other utilities, and the total cost under these conditions would represent an amount not in excess of a probable fair value of the services which it appears are rendered. I conclude, from the consideration of the entire evidence, that an allowance of \$39,000 for general officers' salaries in the electric department, and \$12,000 for the same account in the gas department for the year 1922, and a comparable amount for the year 1923, is reasonable.

Certain slight deductions in miscellaneous general expenses and injuries and damages have been made to exclude those not reasonably chargeable to operating expenses. In accordance with recent decisions of this Commission, federal income tax is included as an operating expense, but bond coupon tax has been deducted.

Revenue and rate of return.

The gross revenue in 1922, from electric operations, was \$1,523,080 and in 1923, \$1,666,026, including miscellaneous operating revenues of \$7,564 and \$10,368, respectively. The company reports a reduction

from this amount, due to nonoperative revenues, of \$513 in 1922, and \$2,231 in 1923. In Decision No. 8459 (19 C. R. C. 153), the Commission called attention to the fact that the company is not charging the full permitted rate for municipal street lighting and recommended that the reported revenue be increased by the amount of the undercharge. This amounted to \$10,893 in 1922 and \$11,635 in 1923.

In discussing the fact that no capital had been allocated to the water department, it was stated that the revenue of this department should be considered in a rate case. The water revenue derived in 1922 is reported by the company to be \$16,852 and in 1923, \$12,776. The total figure for revenue used herein will be, therefore, \$1,550,312 for 1922, and \$1,688,206 for 1923. The revenues actually derived from electric rates, including the surcharge on municipal lighting, which was not collected, were \$1,525,896 and \$1,665,062, respectively.

The company asks that it be permitted to earn an 8 per cent return, while both opposing counsel contend that 7½ per cent is sufficient with the inclusion of federal income tax in operating expenses. This figure is based on a Supreme Court decision in which a 7½ per cent return was held to be nonconfiscatory. The Commission should not fix a rate for this company which will yield a revenue that will just barely escape the test of confiscation. The company is engaged in construction work and development of considerable magnitude. There is an obligation upon it to continue to adequately serve and upon the public to pay a reasonable and fair compensation for the service the company renders. There has been no criticism of the manner in which its consumers are being served and there can be no doubt that an adequate return should be earned. The cost of money to the Western States Company has been found to be 6.74 per cent on securities outstanding July 15, 1923. With this in mind, and considering the service rendered, a return approximating 8 per cent on the rate base must be considered reasonable, provided the resultant rates are not too high. The present rates will, on the revised basis shown in Table No. 3 for 1922 and 1923, net the company approximately 9 per cent.

TABLE NO. 3.
Revenues and Operating Expenses,
Electric Department, Western States Gas and Electric Company.

	Reported		Revised to normal basis	
	1922	1923	1922	1923
Revenue existing rates:				
Electric revenue	\$1,515,003 00	\$1,653,427 00	\$1,525,893 00	\$1,655,602 00
Miscellaneous revenue	24,029 00	25,375 00	24,416 00	23,144 00
Total gross income.....	\$1,539,932 00	\$1,678,802 00	\$1,550,312 00	\$1,688,206 00
Production expenses	\$516,717 00	\$531,055 00	\$508,800 00	\$526,795 00
Transmission expenses	29,639 00	59,507 00	19,899 00	31,000 00
Distribution expenses	136,828 00	157,462 00	120,268 00	135,000 00
Commercial expenses	39,008 00	48,218 00	38,488 00	48,218 00
General expenses	304,141 00	321,779 00	270,537 00	299,293 00
Total operating expense.....	\$1,035,874 00	\$1,118,061 00	\$957,933 00	\$1,034,281 00
Depreciation requirements			86,500 00	92,500 00
Totals			\$1,043,483 00	\$1,126,781 00
Net for return.....			\$506,819 00	\$561,425 00
Rate base			\$5,633,032 00	\$6,245,345 00
Per cent return earned.....			9%	9%

Electric rates.

The electric rates of the Western States Gas and Electric Company consist of two general lighting rates, one applicable to the city of Stockton and one to the territory served outside of that city—a sign lighting rate, a combination cooking and heating rate and five power schedules, together with special contracts and rates for street lighting and for certain large consumers. The territory served by the Western States Gas and Electric Company is practically surrounded by territory served by the Pacific Gas and Electric Company and Great Western Power Company, and the conditions of service are in general the same. Western States Company urges consideration of the Commission to the necessity of making effective on its system the rates which this Commission has found just and reasonable for service supplied by larger utilities serving similar and adjacent territory. Although the two systems are not in direct competition, it is apparent that a potential competition exists, requiring the company to meet the rates of the larger companies for large industrial power service where the same are lower, and it would appear, unless important reasons exist to the contrary, that the rates in Stockton and vicinity for industrial power service to both large and small consumers should be the same as in adjacent communities, provided this does not result in either too high or too low a return. The modification will increase somewhat certain consumers, but the general result will be a reduction of the revenue received from this service.

The agricultural rates of the Western States Company are in general lower than those found reasonable on the Pacific Gas and Electric and Great Western systems. This has been due to former competition

with Oro Electric Corporation and the lesser increases made during the period of high prices and to the low minimum charges applicable. The territory served is generally comparable, and although the application of the rates found reasonable for agricultural service on the larger systems will increase somewhat the bills of a considerable number of consumers, it is apparent, from a general study of the matter, that the rates of the Western States Company have been unreasonably low for this service, and that an adjustment should be made. It would appear that it is just at this time to make effective rates for industrial and agricultural power on the Western States system equivalent to those heretofore found reasonable on Pacific Gas and Electric Company system. The company should place consumers now on special contracts for industrial power service on the schedules found reasonable herein. A schedule will be fixed for railway service now supplied by the company. The lighting rates, I find, should be modified to more nearly conform to the rates for comparable territory of the other systems. The application of the rates fixed herein will reduce the total gross revenue of the company.

GAS DEPARTMENT.

Many of the conclusions reached in the discussion of the electric department will also be applicable to the gas department. Thus the deduction from depreciation of the annuities on automobiles, small tools, have also been carried out in this department without further discussion, as have also the omission of development costs and the adjustment of general expenses covering the Byllesby charge and general costs of management.

Rate base.

Mr. Vaughan's valuation gives a total of \$2,005,514 for the physical property as of December 31, 1921. The net additions and betterments for the year 1922 were \$157,149, leading to a total as of December 31, 1922, of \$2,162,663. To obtain the average capital for 1923, there is added to the above amount one-half of the additions and betterments for the year 1923, or \$91,227, making a figure for the average capital for 1923 of \$2,253,890. The rate base will then be as follows:

Rate Base, 1923,	
Gas Department, Western States Gas and Electric Company.	
Average capital, June 30, 1923	\$2,253,890 00
Material and supplies	43,490 00
Working cash capital	22,630 00
Subtotal	\$2,320,010 00
Organization	15,000 00
Total	\$2,335,010 00
Less consumers' extension deposits	3,500 00
Total rate base	\$2,331,510 00

Material and supplies have been taken as 2 per cent of fixed capital and the working cash capital computed as was done for the electric department.

Depreciation.

The total annuity computed by Mr. Thelen for the gas properties is \$39,426, on an amount of depreciable property totaling \$1,902,416. This allowance should be reduced to exclude tools and automobile depreciation, and the rate on services should be reduced. The annuity, based on December 31, 1921, property, should be \$32,000, and for the property included in the rate base for 1923, \$36,000. The accrued depreciation, which should be represented in a reserve, as of June 30, 1923, is estimated as \$500,000, exclusive of automobile and tools.

Operating expenses and revenue.

A very complete analysis of the gas operating expenses has been presented in evidence by Mr. Masser, the Commission's gas engineer. The comparative units developed in this study, indicate that the operating costs incurred by the company are reasonable and its operation efficient. The only adjustment that need be made in the actual expense reported is in the accounts "Salaries of general officers," "Other general expenses" and the omission of bond coupon tax.

TABLE NO. 4.

Operating Expense and Revenue for Normal Year, Based Upon Year Ending December 31, 1923, Gas Department, Western States Gas and Electric Company.

Revenue existing rates—	
Operating revenue	\$488,165 00
Miscellaneous revenue	1,964 00
Total	\$490,129 00
Production expenses	\$139,020 00
Distribution expenses	39,065 00
Commercial expenses	16,996 00
General expenses and taxes	101,900 00
Total operating expenses	\$296,981 00
Depreciation requirements	36,000 00
Total	\$332,981 00
Net for return	\$157,148 00
Rate base	\$2,331,510 00
Per cent return earned	6.75
Sales 1000 cubic feet	447,245
Average rate earned per 1000 cubic feet	\$1 09

The gross operating revenues for the years ending December 31, 1922, and December 31, 1923, were \$469,382 and \$488,165, respectively. Table No. 4 sets forth the figures used herein for operating expenses and revenues as found reasonable for the year 1923, and shows that during the year 1923 the company, on this basis, would have earned a return on its rate base of 6.75 per cent. While this figure is based upon the actual operating conditions during the year 1923, there is no reason to believe that the future operations will increase the net earn-

ings. In fact, at the present time, oil prices have increased 40 cents per barrel, and were this increase applicable to oil purchased by this company, the present rates would automatically be increased by 6 cents per 1000 cubic feet to offset the increased cost of fuel oil resulting. Western States Company has, however, been foresighted and obtained a contract which continues for approximately two years at the price in effect prior to the recent increases in oil.

The present rates for gas in Stockton are as follows:

First	25,000 cubic feet per meter per month-----	\$1 10 per 1000 cubic feet
Next	25,000 cubic feet per meter per month-----	95 per 1000 cubic feet
Next	25,000 cubic feet per meter per month-----	90 per 1000 cubic feet
Next	25,000 cubic feet per meter per month-----	80 per 1000 cubic feet
Next	25,000 cubic feet per meter per month-----	70 per 1000 cubic feet
	All over 150,000 cubic feet per meter per month-----	65 per 1000 cubic feet

Minimum charge: 85 cents per meter per month.

A study of the consumption of gas in Stockton reveals that 95 per cent of the consumers use less than 25,000 cubic feet per month; and, consequently, their use lies within the first block of the schedule. Ninety per cent of the consumers use less than 10,000 cubic feet per month. The present rate structure, therefore, is practically a straight commodity charge, and does not tend to encourage the use of large quantities of gas or charge to small users their equitable part of the costs. A comparison of the rates in Stockton with those found reasonable by the Commission for Fresno, San Jose and Sacramento, very comparable cities, indicates that the present average rates in Stockton are approximately 9 cents per 1000 cubic feet less, for the same oil price conditions, than the rates in these other communities. In view of the present low return earned by the gas department of this company, the comparatively low rates in effect, and the fact that the company has obtained at this time a favorable contract for oil, it appears that the company is entitled to share in the savings resulting from its foresight and to earn a somewhat higher general rate of return. The rates herein fixed are modified to more equitably divide the charges for gas service and to increase the net return of the company on the 1923 basis to approximately $7\frac{1}{2}$ per cent.

I recommend the following form of order:

ORDER.

Western States Gas and Electric Company having applied in Application No. 6886 for an increase in electric rates, a petition of intervention having been filed therein requesting a reduction in gas and electric rates, and the Commission having instituted a proceeding on its own motion, Case No. 1664, for the determination of reasonable gas rates in the city of Stockton, hearings having been held, the matters sub-

mitted, and now being ready for decision, the Railroad Commission hereby finds as a fact that the gas and electric rates of the Western States Gas and Electric Company, in its Stockton division, are not just and reasonable rates in so far as they differ from the rates herein established.

Basing its order on the foregoing findings of fact and on the findings of fact contained in the opinion which precedes this order;

It is hereby ordered, that

(1) Western States Gas and Electric Company be and it is hereby authorized to charge and collect in its Stockton division, effective for all regular meter readings taken on and after the fifteenth day of April, 1924, the schedules of rates for electricity set forth in Exhibit "A" and the schedule of rates for gas, set forth in Exhibit "B," said exhibits being attached hereto and made a part hereof;

(2) Western States Gas and Electric Company present to this Commission on or before the first day of May, 1924, a comprehensive plan, satisfactory to the Commission, for building up and maintaining reserve for accrued depreciation to conform to the annuities and reserves set forth in the opinion herein;

(3) Western States Gas and Electric Company file with the Commission on or before March 20, 1924, the gas and electric schedules herein authorized.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this twenty-seventh day of March, 1924.

EXHIBIT "A."

SCHEDULE L-1.

General Lighting Service.

Applicable to general domestic and commercial lighting service, including household appliances and single-phase service to motor loads not to exceed 3 horsepower capacity.

Territory.

Applicable to the city of Stockton and surrounding suburbs.

Rate.	Gross	Net
First 50 k.w.h. per meter per month-----	8 cents	7 cents per k.w.h.
Next 150 k.w.h. per meter per month-----	5 cents	5 cents per k.w.h.
Next 800 k.w.h. per meter per month-----	4 cents	4 cents per k.w.h.
Next 2,000 k.w.h. per meter per month-----	3 cents	3 cents per k.w.h.
All over 3,000 k.w.h. per meter per month-----	2½ cents	2½ cents per k.w.h.

Minimum Charge.

\$1.00 per meter per month.

Special Conditions.

(1) The net rate is effective, providing the bill for service is paid on or before the tenth day after presentation; otherwise the gross rate is effective.

(2) Single-phase motors of an aggregate capacity of 3 horsepower or less may receive service or may be combined with general lighting service under this schedule of rates at the option of the consumer, provided in case of combination service, the total energy is supplied through one meter.

SCHEDULE L-2.

General Lighting Service.

Applicable to general domestic and commercial lighting service, including household appliances and single-phase service to motor loads not to exceed 3 horsepower capacity.

Territory.

Applicable to Stockton division, excepting the city of Stockton and surrounding suburbs and including Lodi, Galt, Florin, Elk Grove, Placerville, Camino, etc.

Rate.

First	10 k.w.h. or less per meter per month	\$1 00
Next	40 k.w.h. per meter per month	8 cents per k.w.h.
Next	150 k.w.h. per meter per month	6 cents per k.w.h.
Next	800 k.w.h. per meter per month	5 cents per k.w.h.
Next	2,000 k.w.h. per meter per month	4 cents per k.w.h.
All over	3,000 k.w.h. per meter per month	3½ cents per k.w.h.

Special Conditions.

(a) Single-phase motors of a capacity of 3 horsepower or less, may receive service or may be combined with general lighting service under this schedule of rates at the option of the consumer; provided that, in case of combination service the total energy is supplied through one meter.

The minimum charge applicable to this combination service is only that minimum charge as set forth above.

SCHEDULE L-3.

Street and Highway Lighting.

Applicable to service for street, highway and other public outdoor lighting installations, using bracket, mast arm, or center suspension construction, and supplied from overhead lines, where the company owns and maintains the entire equipment.

Territory.

Applicable to entire Stockton division.

<i>Rate.</i>		Monthly charge per lamp, all-night service	Reduction for each hour, reduction in nightly service
Multiple lamps -----	Lamp rating		
	25 watts	\$0 95	1 cent
	40 watts	1 25	2 cents
	50 watts	1 45	3 cents
	60 watts	1 70	3 cents
	75* watts	2 00*	4 cents
	100* watts	2 50*	5 cents
	150* watts	3 20*	7 cents
	200* watts	3 75*	12 cents
	300* watts	4 40*	13 cents
	500* watts	5 40*	20 cents
Series lamps -----	60 candlepower	1 30	2 cents
	80 candlepower	1 65	3 cents
	100* candlepower	1 75*	4 cents
	250* candlepower	3 20*	7 cents
	400* candlepower	4 05*	12 cents

*Includes a refractor. A diffusing globe, special highway reflector, or equivalent special reflector will be supplied on request. A deduction of 15 cents per month will be made for each lamp not equipped with refractor, diffusing globe or special reflector.

Special Conditions.

For the purpose of calculating rates for less than all-night service, it will be assumed that the average hour of turning off all-night service is 5.30 a.m. and the average hours nightly service are:

All-night service (4000 hours per year), 11 hours per night.

Moonlight service (2240 hours per year), 6 hours per night.

Midnight service (2000 hours per year), 5½ hours per night.

SCHEDULE L-4.

Street and Highway Lighting.

Applicable to street and highway and other public outdoor lighting installations using electrolliers or ornamental lamp posts supplied from underground lines.

Territory.

Applicable in the city of Stockton, to installations of 10 electrolliers or less.

Rate.

(a) The company to install, maintain and own the entire equipment. \$4.33 per electrollier per month.

(b) Consumer to own equipment but company to be responsible for all maintenance and replacements. \$3.30 per electrollier per month.

Special Conditions.

(1) Electroliers used to render service under this schedule will be required to conform to standard equipment already installed.

(2) The above schedules apply to midnight service. In case service is desired beyond midnight, an additional charge will be made, on the basis of 40 cents per month per rated kilowatt of lamp load connected for each hour burned after midnight. Service beyond midnight will not be rendered except when possible to do so on complete circuits.

SCHEDULE C-1.**General Heating, Cooking and Combination Service.**

Applicable to general domestic and commercial heating, cooking and/or water heating service, and to combination lighting with heating, cooking and/or water heating service. Schedule P-1 is an optional rate for commercial heating and cooking installations.

Territory.

Applicable to entire Stockton division.

Rate:**(a) Heating, cooking and/or water heating service:**

First 150 k.w.h. per meter per month----- 3.5 cents per k.w.h.
All over 150 k.w.h. per meter per month----- 2.0 cents per k.w.h.

(b) Combination lighting, with heating, cooking and/or water heating service:

First 30 k.w.h. per meter per month (*).-----
Next 150 k.w.h. per meter per month----- 3.5 cents per k.w.h.
All over 180 k.w.h. per meter per month----- 2.0 cents per k.w.h.

(*) Charge for first 30 k.w.h. at effective lighting rate.

For residences, flats or apartments of more than eight rooms, 5 kilowatt hours for each additional room will be added to the first block of 30 kilowatt hours.

Minimum Charge.

First 7 kilowatts or less of heating, cooking and/or water heating capacity, \$3 per month.

Over 7 kilowatts of heating, cooking and/or water heating capacity, 50 cents per kilowatt per month.

When the consumer signs a contract for service for a period of one year, the minimum charges will be made accumulative for the service year. The minimum charges are payable in monthly installments until such time as the accumulative energy charges equal the annual minimum charge.

Special Conditions.

(a) Service will normally be 110/220-volt three-wire alternating current.

(b) Minimum charges are based on the total active connected load of heating, cooking and water heating capacity which may be connected at any one time.

No additional minimum charge will be made for lighting service in case of combination service.

(c) Rate (b) applies only where the consumer installs and uses cooking, heating and/or water heating appliances other than lamp socket devices of at least 2 kilowatt capacity for residences, flats or apartments of eight rooms or less and 5 kilowatts for residences, flats and apartments of nine rooms or more.

(d) Bathrooms, halls and cellars are not classified as rooms.

(e) Connected load will be taken as the name plate rating of all heating and cooking apparatus permanently connected and which may be connected at any one time computed to the nearest one-tenth of a kilowatt and in no case less than 2 kilowatts. All equipment assumed as operating at 100 per cent power factor.

(f) Single-phase power service (5 horsepower or less), may be combined under this schedule, in which case each horsepower of connected load shall be considered equivalent to one kilowatt of connected load in determining the minimum charge.

SCHEDULE P-1.**General Industrial Power Service.**

Applicable to general commercial and industrial power service, and to commercial heating and cooking service and rectifier service. Alternating current service will be supplied at any standard voltage from 110 to 2200 volts as may be requested by the consumer. D. C. service may be obtained when available at the voltage as available. Schedule P-2 is optional with this schedule.

Territory.

Applicable to entire Stockton division.

Rate: A. C. Service.

Horsepower of connected load	Rate per kilowatt hour for monthly consumptions of			
	First 50 k.w.h. per h.p.	Next 50 k.w.h. per h.p.	Next 150 k.w.h. per h.p.	All over 250 k.w.h. per h.p.
2- 9 h.p. -----	4.0 cents	2.1 cents	1.3 cents	0.9 cent
10- 24 h.p. -----	3.6 cents	2.0 cents	1.2 cents	0.9 cent
25- 49 h.p. -----	3.1 cents	1.9 cents	1.1 cents	0.8 cent
50- 99 h.p. -----	2.6 cents	1.7 cents	1.1 cents	0.75 cent
100- 249 h.p. -----	2.3 cents	1.5 cents	1.0 cent	0.7 cent
250- 499 h.p. -----	2.1 cents	1.3 cents	0.9 cent	0.65 cent
500- 999 h.p. -----	2.0 cents	1.2 cents	0.9 cent	0.6 cent
1000-2499 h.p. -----	1.9 cents	1.1 cents	0.9 cent	0.6 cent
2500 h.p. and over -----	1.8 cents	1.0 cent	0.9 cent	0.6 cent

Minimum Charge.

First 50 horsepower of connected load, \$1 per horsepower per month, but in no case less than \$2 per month.

All over 50 horsepower of connected load, 65 cents per horsepower per month. At the request of the consumer and upon the execution of a contract for a term of at least one year, the minimum charge will be made accumulative over a twelve-month period.

Direct Current Service.

D. C. service, when furnished, will be rendered under the above rate, increased half-cent per kilowatt hour. D. C. service may only be obtained where available.

Special Conditions.

(a) Voltage:

This schedule of rates will apply to service rendered at any standard voltage at the option of the consumer. All necessary transformers to obtain such voltage will be supplied, owned and maintained by the company.

(b) Maximum demand:

The above rates and minimum charges may, at the option of the consumer, be based on the horsepower of measured maximum demand instead of horsepower of connected load, in which case the horsepower of demand on which the rates and minimum charges will be based, will not be less than 30 per cent of the connected load, and the minimum charge will not be less than \$50 per month.

The maximum demand in any month will be the average horsepower input (746 watts equivalent), indicated or recorded by instruments to be supplied, owned and maintained by the company and at the company's expense upon the consumer's premises adjacent to the watt-hour meters, in the fifteen-minute interval in which the consumption of electric energy is more than in any other fifteen-minute interval in the month for installation of less than 750 horsepower and a thirty-minute interval for larger size installation or at the option of the company, the maximum demand may be determined by test.

In the case of hoists, elevators, welding machines, furnaces and other installations where the energy demand is intermittent or subject to violent fluctuations, the company may base the consumer's maximum demand upon a five-minute interval instead of a fifteen or thirty-minute interval.

Demands for installations in excess of 750 horsepower of connected load occurring between the hours of 11 p.m. and 6 a.m. of the following day, will not be considered in computing charges under this schedule.

(c) Optional rate for larger installations:

Any consumer may obtain the rates and conditions of service for a larger installation by guaranteeing the rates and minimum charges applicable to the larger installation.

(d) Rectifier, heating and cooking service:

Mercury arc rectifiers and commercial heating and cooking installations may obtain service under this schedule. For the purpose of determining rates and minimum charges, each kilowatt of connected load will be considered as equivalent to one horsepower.

SCHEDULE P-2.*Intermittent Service.*

Optional with Schedule P-1 and suitable for intermittent or seasonal use of energy.

Territory.

Applicable to entire Stockton division.

*Rate.**Demand charge:*

First 10 horsepower of connected load-----	\$5 00 per horsepower per year.
Over 10 horsepower of connected load-----	3 50 per horsepower per year.

Energy charge:

The energy charges are the rates without the minimum charges as set forth under Schedule P-1.

Special Conditions.

(a) Total charge:

The total charge is the sum of the demand and energy charges stated above.

(b) Payment of demand charge:

The demand charge is payable in five equal installments during the first five months after the date service is first rendered. The consumers may select, if satisfactory to the company, other months in which to pay the demand charges.

(c) Adjustment of bills:

At the end of each year's service period a consumer, operating under this schedule, and whose total charges for service for the past year would have amounted to less under Schedule P-1, will have the charges for this service adjusted to the lower charges.

SCHEDULE P-3.*Agricultural Power Service.*

Applicable to general agricultural and reclamation service, including pumping.

feed choppers, milking machines, heating for incubators, brooders, poultry house lighting and general farm use, excluding cooking and general lighting service.

Territory.

Applicable to entire Stockton division.

Rate A.

Size of installation	Annual demand charge per h.p.	Energy charge in addition to the demand charge			
		Rate per k.w.h. for consumptions per h.p. per year of			
		First 1000 k.w.h.	Next 1000 k.w.h.	Next 1000 k.w.h.	All over 3000 k.w.h.
2- 4 h.p.	\$8 60	1.6 cents	1.2 cents	0.9 cent	0.7 cent
5- 14 h.p.	6 00	1.4 cents	1.1 cents	0.8 cent	0.7 cent
15- 49 h.p.	5 40	1.2 cents	1.0 cent	0.8 cent	0.7 cent
50- 99 h.p.	4 50	1.1 cents	0.9 cent	0.75 cent	0.7 cent
100- 249 h.p.	3 90	1.1 cents	0.9 cent	0.75 cent	0.7 cent
250- 499 h.p.	3 75	1.05 cents	0.85 cent	0.75 cent	0.7 cent
500- 999 h.p.	3 60	1.00 cent	0.85 cent	0.75 cent	0.7 cent
1000-2499 h.p.	3 30	1.00 cent	0.85 cent	0.75 cent	0.7 cent
2500 h.p. and over.....	3 00	1.00 cent	0.85 cent	0.75 cent	0.7 cent

*In no case will the total annual demand be less than \$13.20.

Rate B. Optional Rate.

Any consumer may select at his option, the following rate instead of the demand and energy rate set forth above:

Horsepower of connected load	Annual minimum charge per h.p.	Rate per kilowatt hour for consumptions of				
		First 300 k.w.h. per h.p. per year	Next 700 k.w.h. per h.p. per year	Next 1000 k.w.h. per h.p. per year	Next 1000 k.w.h. per h.p. per year	All over 3000
2- 4 h.p.	\$9 00	3.8 cents	1.6 cents	1.2 cents	0.9 cent	0.7 cent
5- 14 h.p.	8 00	3.4 cents	1.4 cents	1.1 cents	0.8 cent	0.7 cent
15- 49 h.p.	7 50	3.0 cents	1.2 cents	1.0 cent	0.8 cent	0.7 cent
50- 99 h.p.	7 00	2.6 cents	1.1 cents	0.9 cent	0.75 cent	0.7 cent
100- 249 h.p.	6 75	2.4 cents	1.1 cents	0.9 cent	0.75 cent	0.7 cent
250- 499 h.p.	6 50	2.3 cents	1.05 cents	0.85 cent	0.75 cent	0.7 cent
500- 999 h.p.	6 25	2.2 cents	1.00 cent	0.85 cent	0.75 cent	0.7 cent
1000-2499 h.p.	6 00	2.1 cents	1.00 cent	0.85 cent	0.75 cent	0.7 cent
2500 h.p. and over.....	6 00	2.0 cents	1.00 cent	0.85 cent	0.75 cent	0.7 cent

*In no case will the total minimum charge be less than \$27 per year.

Special Conditions.

(a) Agricultural year:

Meters on all agricultural services will be read by the company between April 1st and April 10th of each year and the above rates will apply to the yearly periods between such successive readings.

(b) Payment of demand and minimum charges:

Demand and minimum charges will be payable in six equal monthly installments, beginning with the bill based on the regular May meter reading.

(c) Selection of schedule:

The company will normally render agricultural service under rate A, unless the consumer advises the company to apply the optional rate B.

At the end of each agricultural year the company will adjust the bills of consumers operating on either rate A, or rate B, to the more favorable rate.

(d) Guaranteeing rates for larger size installation:

Any consumer may obtain the rate for a larger installation by guaranteeing the rates and demand charge (or minimum charge) of that larger installation.

(e) Contracts:

The company may require a contract for service under this schedule for a period not to exceed three years when service is first rendered and thereafter from year to year.

(f) Consumers permanently increasing or decreasing their connected load will have their bills adjusted as provided in special condition (g) following, the original load being considered as discontinuing service and the increased or decreased load as commencing service.

(g) Service commenced or discontinued during the agricultural year:

The following adjustments apply only in the case of service first begun or permanently discontinued and will not be made when installations shut down for a few months.

For a fractional agricultural year, rate A will be modified as follows:
 The demand charge will apply to service taken between April 1st and September 30th, at the rate of one-sixth of the annual charge per month.
 The size of the blocks of energy charge will be multiplied by the factor in the following table, corresponding to the month during which service is begun or discontinued:

Month in which service commences or is discontinued	Factor	
	New service	Discontinued service
April -----	1.0	.1
May -----	.9	.2
June -----	.8	.3
July -----	.7	.4
August -----	.6	.5
September -----	.5	.6
October -----	.4	.7
November -----	.3	.8
December -----	.2	.9
January -----	.1	1.0
February -----	.1	1.0
March -----	.1	1.0

Rate B will apply without modification and the bill for service will be at the lower rate.

SCHEDULE P-4.

Wholesale Power Service.

Applicable to general industrial power service supplied at a standard voltage of 2200 volts or over.

Territory.

Applicable to entire Stockton division.

Rate (a).

Service at 2200 volts up to and including 25,000 volts.

Demand charge:

First 200 k.w. or less of maximum demand -----	\$300 per month
Next 300 k.w. of maximum demand -----	\$1 00 per k.w. per month
Next 500 k.w. of maximum demand -----	75 per k.w. per month
All over 1,000 k.w. of maximum demand -----	60 per k.w. per month

Energy charge (to be added to the demand charge):

First 150 k.w.h. per k.w. per month -----	.8 cent per k.w.h.
Next 250 k.w.h. per k.w. per month -----	.6 cent per k.w.h.
All over 400 k.w.h. per k.w. per month -----	.55 cent per k.w.h.

Rate (b).

Service at line voltages in excess of 25,000 volts.

The rate is the same as that set forth under rate (a) above with the demand charge decreased by 15 per cent and the energy charge by 3 per cent.

Special Conditions.

(a) Voltage:

Service under rate (a) will be supplied by the company at standard voltages of 2200 volts or more up to and including 25,000 volts as requested by consumer.

Service under rate (b) will be supplied by the company from standard line voltages as available above 25,000 volts.

(b) Demand:

The maximum demand in any month will be the average kilowatt delivery of the thirty-minute interval in which the consumption of electric energy is greater than in any other thirty-minute interval in the month. The maximum demand on which the demand charge and energy block will be based, will not be less than 50 per cent of the greatest maximum demand occurring during the eleven preceding months.

Demands occurring between the hours of 11 p.m. and 6 a.m. of the following day will not be considered in determining the above demand and energy charges.

(c) All voltages referred to in this schedule are nominal voltages.

SCHEDULE P-5.

Railway Service.

Applicable to service to electric railways.

Territory.

Applicable to entire Stockton division.

Rate.

	Alternating current	Direct current
First 300 k.w.h. per month per k.w. of maximum demand -----	.85 cent per k.w.h.	.125 cent per k.w.h.
Over 300 k.w.h. per month per k.w. of maximum demand -----	.75 cent per k.w.h.	.110 cent per k.w.h.
Monthly minimum charge per k.w. of maximum demand -----	\$1 75 per k.w.h.	\$2 50 per k.w.h.

Special Conditions.**(a) Applicability of schedule:**

This schedule applies to direct current at trolley voltage, delivered to railway feeders or to alternating current at distribution or transmission voltage, delivered to railway substations and used principally for the propulsion of cars and trains. Energy delivered at such points may also be used for lighting and power purposes incidental to railway operation, but energy delivered at separate points for shops, stations, etc., will be billed at the regular rates applicable to such uses.

(b) "Maximum demand" as used in this schedule, means the average load for the thirty-minute interval in which the consumption of energy is greater than in any other thirty-minute interval during the month, but demands created on legal holidays, between noon on Saturday and six o'clock the following Monday morning, between eleven o'clock any evening and six o'clock the following morning, or as the result of interruptions in the power company's service will not be considered.

(c) Points of delivery:

When service is supplied at more than one point of delivery, the maximum simultaneous demand will be used. When both alternating and direct current are supplied, the charges for direct current service will be based on the maximum simultaneous direct current demand and the charges for alternating current will be based on the difference between the maximum simultaneous direct current demand and the maximum simultaneous combined direct and alternating current demand.

(d) Modification of rate for interruption of service:

The foregoing rates and minimum charges apply to continuous service. The rates and minimum charges applicable in any month, will be reduced by one-tenth of one per cent for each minute during which the delivery of energy is suspended by the power company, provided that—

1. No interruption will be considered if it is of less than 10 minutes duration, if it occurs between midnight and 6 a.m. or if it has been mutually agreed upon.
2. The resumption of service for less than five minutes will not be considered as terminating an interruption.
3. The maximum reduction in rate on account of interruptions in any one day will be 25 per cent and on account of interruptions in any one month, 50 per cent.
4. When service delivered at more than one point is interrupted at any one or more points, the percentage of reduction in rate, computed as though the entire service was interrupted, will be multiplied by the ratio the energy delivered at the points affected bears to the total energy delivered for the month.

SCHEDULE P-6.**Resale Power Service.**

Applicable to electric service to other electric utilities and to municipalities for distribution and resale. Service to be supplied at standard voltages of 2200 volts or over.

Territory.

Entire Stockton division.

Rate (a).

Service at 2200 volts up to and including lines of 25,000 volts.

(1) Demand charge:

First	50 k.w. or less of maximum demand.....	90 cents per month
Next	150 k.w. of maximum demand.....	\$1 50 per k.w.
Next	300 k.w. of maximum demand.....	1 00 per k.w.
Next	500 k.w. of maximum demand.....	75 per k.w.
All over	1,000 k.w. of maximum demand.....	60 per k.w.

plus

(2) Energy charge (to be added to the demand charge):

First	150 k.w.h. per k.w. per month.....	.80 cent per k.w.h.
Next	250 k.w.h. per k.w. per month.....	.60 cent per k.w.h.
All over	400 k.w.h. per k.w. per month.....	.55 cent per k.w.h.

Rate (b).

Service at line voltages in excess of 25,000 volts.

- (1) The rate is the same as that set forth under (a) above, with the demand charge decreased by 15 per cent and the energy charge by 3 per cent.

Discounts.

The above rates (a) and (b) are subject to a special discount, allowed to assist in developing rural territory, equal to 10 per cent times the ratio of the purchasing companies' kilowatt hour sales for service rendered in rural (unincorporated) territory to the total kilowatt hour sales. The discount to be applied for any calendar year, will be based on the previous year's sales of the resale utility.

Special Conditions.**(a) Optional rate:**

Service to loads of less than 50 kilowatt demand may at the option of the consumer be billed under Schedule P-1.

(b) Voltage:

Service under rate (a) will be supplied by the company at standard voltages of 2200 volts or more up to and including 25 kilovolt lines at the consumer's option.

Service under rate (b) will be supplied by the company at its standard line voltages as available above 25 kilovolts.

(c) Demand:

The maximum demand in any month will be the average kilowatt delivery of the thirty-minute interval in which the consumption of electric energy is greater than in any other thirty-minute interval in the month. The maximum demand on which the demand charge and energy block will be based, will not be less than 50 per cent of the greatest maximum demand occurring during the eleven preceding months.

Any demand occurring between the hours of 11 p.m. and 6 a.m. of the following day will not be considered in determining the above demand charge.

EXHIBIT "B."

SCHEDULE A.

General Gas Service.

Applicable to domestic and commercial service for lighting, heating and cooking.

Territory.

Applicable to the city of Stockton and surrounding suburbs.

Rate.		Per 1000 cubic feet	
		gross	net
First	600 cubic feet or less per meter per month-----	\$0 90	\$0 85
Next	4,400 cubic feet per meter per month-----	1 15	1 10
Next	5,000 cubic feet per meter per month-----	1 00	95
Next	10,000 cubic feet per meter per month-----	85	85
All over	20,000 cubic feet per meter per month-----	70	70

The above rates, with the exception of the first block, are subject to increase or decrease, on the basis of $1\frac{1}{2}$ cents per thousand cubic feet for each ten-cent increase or decrease in the price paid for oil above or below the price of \$1.15 per barrel f. o. b. Stockton upon approval of the Railroad Commission. Change to be to the nearest one cent.

Special Conditions.

The net rate is effective, providing the bill for service is paid on or before the tenth day after presentation, otherwise the gross rate applies.

DECISION No. 13337.

IN THE MATTER OF THE APPLICATION OF CENTERVILLE WATER COMPANY FOR AUTHORITY TO EXECUTE A DEED OF TRUST AND TO ISSUE FIRST MORTGAGE BONDS OF THE PAR VALUE OF TWENTY-FIVE THOUSAND DOLLARS.

Application No. 9333.

Decided March 27, 1924.

BY THE COMMISSION.

FOURTH SUPPLEMENTAL ORDER.

The Railroad Commission by Decision No. 12656, dated September 24, 1923, as amended, authorized Centerville Water Company to issue and sell \$25,000 of its first mortgage bonds and to use approximately \$18,500 of the proceeds to pay indebtedness and to finance the cost of metering the company's system.

On March 22, 1924, by Decision No. 13303, which was the third supplemental order in the above entitled matter, the Commission authorized the company to use an additional \$2,102.02 of the proceeds from the sale of its bonds, to finance the cost of additions and betterments, described as follows:

50—Empire water meters, type No. 9, at \$12.80 each.....	\$640 00
50— $\frac{1}{2}$ " couplings at 75 cents each.....	37 50
12—No. 2 concrete meter box covers at 40 cents each.....	4 80
50—No. 3 concrete meter boxes at \$1.25 each.....	62 50
3— $\frac{1}{2}$ " service cocks at \$1.72 each.....	5 16
3—1" service cocks at 97 cents each.....	2 91
25— $\frac{1}{2}$ " service cocks at 60 cents each.....	15 00
Miscellaneous pipe fittings	20 00
About 1900 feet of 4" black used pipe, standard rethreaded, tested and dipped, at \$45 per 100 feet.....	\$55 00
About 900 feet 3" black used pipe, standard, at \$30 per 100 feet.....	270 00
5—4 x 4 sleeves and valves at \$28.59 each.....	142 95
2—4 x 3 sleeves and valves at \$23.10 each.....	46 20
Total	\$2,102 02

The company requests permission to use an additional \$600 of the proceeds obtained from the sale of its bonds to pay the cost of labor necessary to install these additions and betterments, which request the Commission has considered and believes should be granted as provided herein; therefore,

It is hereby ordered, that Centerville Water Company be and it is hereby authorized to use an additional \$600 of the proceeds obtained from the sale of the bonds authorized by Decision No. 12656, dated September 24, 1923, as amended, to finance the cost of labor necessary to install the additions and betterments, to which reference is made herein.

It is hereby further ordered, that the order in Decision No. 12656, dated September 24, 1923, as amended, shall remain in full force and effect except as modified by this fourth supplemental order.

Dated at San Francisco, California, this twenty-seventh day of March, 1924.

DECISION No. 13339.

IN THE MATTER OF THE APPLICATION OF THE HODGE TRANSPORTATION SYSTEM, FOR A FINDING AND CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY TO TRANSPORT CERTAIN NAMED ARTICLES OVER ITS EXISTING ROUTES.

Application No. 9540 (Amended).

Decided March 29, 1924.

CERTIFICATE—AUTO TRUCK—COMPETITION.—Competition that tends to break down superior and essential service provided by existing agencies is not to be encouraged, but competition, whether applied to service or to rates that can better serve public convenience and necessity in its broad sense, as related to the class of utility involved, must have due consideration. The public interests of the localities to be served must be the ultimate basis of determination.

Randall, Bartlett and White, by *Louis B. Randall*, and *Devlin and Brookman*, by *Douglas Brookman*, for Applicant.

F. W. Mielke, for the Southern Pacific Company, Protestant.

C. W. Cornell, for the Pacific Electric Railway Company, Protestant.

E. E. Bennett, for the Union Pacific System, Protestant.

E. T. Lucey, for The Atchison, Topeka and Santa Fe Railway Company, Protestant.
Howard Robertson, for Pioneer Truck Company, California Truck Company, Citizens Truck Company, Paul Kent Truck Company, Star Truck Company, Smith Brothers Motor Truck and Belyea Truck Company, Protestants.
C. W. Byrer, for Los Angeles-San Pedro Transportation Company, Protestant.
Phil Jacobson, for Santa Barbara and Los Angeles Motor Express, Los Angeles-Oxnard Express, Keystone, Joe and Eds. Service Motor Express, Ojai-Ventura Express, Independent Truck Line, Chino Express, San Fernando Haulage and W. and S. Truck Line, Protestants.
Warren E. Libby, for Triangle-Orange County Express and Rex Transfer Company, Protestants.
Frank M. Smith, for Bennett and Faus, Protestants.

SHORE, Commissioner.

OPINION.

In the above numbered application The Hodge Transportation System, a corporation, requests that a certificate be granted by the Railroad Commission authorizing said applicant to add to the list of commodities now authorized to be transported in lots of not less than three tons as the total of any individual shipment as specifically described in Decisions Nos. 10296 and 12898, so as to include the following additional commodities, namely: Cement, crude rubber, tires, iron and steel, tin plate, building materials, paint, glass jars and bottles, glass and glassware, crockery, earthenware, chinaware and pottery products, chocolate, soap, and wire; said additional commodities to be transported over the routes specified in said Decisions Nos. 10296 and 12898.

A public hearing in this matter was held in Los Angeles on January 22 and 23, 1924, at which time the matter was duly submitted.

At the hearing in this proceeding, counsel for applicant filed an amended application in which "building materials" was eliminated from the list of commodities proposed to be transported. In this amended application, applicant states that from the time the original certificate was granted by Decision No. 10296 it has understood that the commodities therein described included all of the commodities specified in the amended application herein, and applicant states that in accordance with this interpretation of its original certificate it has, openly and without formal complaint from any source, transported these commodities.

Applicant accordingly, to clear any doubt or confusion that may have arisen, requests: First, that this Commission interpret its Decision No. 10296 so as to determine whether applicant does or does not need any further or additional certificate to entitle it to carry said commodities specified in the amended application herein; and second, in the event the Commission determines that an additional certificate is necessary for the transportation of said commodities, that such additional certificate be granted.

The order in Decision No. 10296, by the Railroad Commission, wherein a certificate of public convenience and necessity was granted

to The Hodge Transportation System to operate automotive truck service over 11 different routes, provided as follows:

The minimum weight of any individual shipment which may be transported under the provisions of this certificate, over the routes herein authorized, shall be three tons.

No authority is hereby conferred for the establishment of regular scheduled operation or for the carriage of commodities other than herein specified.

The commodities herein authorized to be transported, in lots of not less than three tons as the total of any individual shipment, are those constituting the products of agriculture and other commodities necessary in the production, manufacture and distribution of agricultural products.

These authorized commodities would include fruits, vegetables, nuts, lumber, boxes, shoo, cans, paper, pipe, chemicals, fertilizer, agricultural and packing house machinery, case goods, etc. The carriage of oil well supplies and machinery is also included in the authorized commodities to be transported by applicant herein.

No other commodities than those herein above specified may be transported unless so authorized by this Commission after the filing of proper application and a decision thereon.

By an order subsequently issued in Decision No. 12898, the Railroad Commission granted a certificate of public convenience and necessity to The Hodge Transportation System to extend the service authorized in Decision No. 10296, under the restrictions therein provided, as to routes four and seven therein described, to include operation over and along the main county road between Newport Beach city, Costa Mesa and Santa Ana and five miles laterally on either side thereof.

Referring to applicant's contention that the commodities specified in the amended application herein are included in the list of commodities described in the order of Decision No. 10296, it may be reasonably assumed that the terms "products of agriculture" and "agricultural products" used in the order in said decision and mentioned in the above clauses quoted therefrom, referred only to the products of agriculture in the State of California. The intention of the Railroad Commission in granting the certificate under Decision No. 10296 was evidently to provide for the public convenience and necessity of the agricultural interests in that portion of this state to which the certificate applies, except in so far as oil well supplies and machinery were also provided for in said certificate. That interpretation is supported by the evidence in the proceeding upon which Decision No. 10296 was based and by the specification of commodities in the definitive clause immediately following the general classification of commodities to be handled, namely, "the products of agriculture and other commodities necessary in the production, manufacture and distribution of agricultural products," the definitive clause providing as follows:

These authorized commodities would include fruits, vegetables, nuts, lumber, boxes, shoo, cans, paper, pipe, chemicals, fertilizer, agricultural and packing house machinery, case goods, etc.

Moreover, the attempt to apply the use of the terms "the products of agriculture and other commodities necessary in the production, manu-

facture and distribution of agricultural products" to agricultural products generally throughout the world would, in effect, be an attempt to include, under the provisions of said certificate, a much broader list of commodities than those referred to even in this application, such as hides and leather, silk, wool and cotton and other raw materials imported for manufacturing purposes, and even the machinery and manufactured products of these materials, and in fact it would make the application of the certificate so broad as to be beyond any enumeration of commodities. That certainly was not contemplated by the Commission in its order in Decision No. 10296, which specifically enumerates the products of agriculture to be hauled, all of which are products of this state.

Furthermore, while some of the commodities in the list mentioned in the amended application herein may be considered "necessary in the production, manufacture and distribution of agricultural products" within this state, the evidence in this proceeding does not show that applicant proposes to confine its transportation of these commodities as far as may be required "in the production, manufacture and distribution of agricultural products." In other words, the applicant, in effect, is seeking not only to include additional commodities not specified or included in its original certificate granted in Decision No. 10296, but also to broaden the scope and purposes for which public convenience and necessity required its operation as provided for in its original certificate.

The Commission accordingly finds that it is necessary for the applicant to have an additional certificate in order to conduct the operations involved in the amended application herein.

In support of its application for a certificate showing that public convenience and necessity require The Hodge Transportation System to extend its existing service to include the commodities specified in the amended application, F. M. Hodge, the president of the applicant corporation, testified that since the granting by the Railroad Commission of the certificate in Decision No. 10296, applicant has hauled all of the commodities specified in the amended application herein, and that its business in these commodities for the year 1923 amounted as follows: Cement—845,550 pounds; chocolate—969,885 pounds; crude rubber—1,569,632 pounds; paints—144,293 pounds; soaps—53,395 pounds; steel, iron and tinplate—1,935,145 pounds; tires—1,768,188 pounds; wire—93,550 pounds; glass jars, bottles, glassware, crockery, earthenware, chinaware and pottery products—534,205 pounds; making a total of 7,913,843 pounds. Applicant claims that this tonnage is evidence in large part of the demands which the public has heretofore made, and is continuing to make upon applicant to carry said commodities.

Applicant filed Exhibits "A," "B" and "C," attached to the amended application. Exhibit "A" sets forth the rates at which these commodities are to be transported. Exhibit "B" sets forth the various routes, which are identical with the routes described in certificates granted in Decision No. 10296 and in Decision No. 12898, and provides that Rule 6, page 3 of Tariff C. R. C. No. 1, as amended, on file with the Commission, shall govern. Exhibit "C" states that applicant owns in excess of twenty trucks and twenty-five trailers from which to draw, for use in the service herein proposed.

C. Schweitzer, general dispatcher of The Hodge Transportation System, testified as to the particular routes over which each of the commodities involved in the amended application herein have been hauled.

While the evidence shows that some of the commodities mentioned have not heretofore been hauled over every one of the twelve routes included in applicant's operative rights, it should be borne in mind that in this proceeding the applicant already possesses an operative right to transport certain commodities over all of these twelve routes, restricted only as to the commodities and to lots of not less than three tons as the total of any individual shipment.

Under these conditions, if any additional operative rights should be granted with respect to the hauling of all of the specified commodities over any or several of the routes, and if all of the routes require to be covered by the hauling of any combination of the several commodities taken as a whole, then it would appear to be inadvisable to segregate the routes for the purposes of the proposed certificate in extension of the list of commodities, when no such segregation applies to any of the routes and commodities involved in the existing certificates.

The matter of back haul was referred to in this proceeding. The applicant's existing certificates applying to products of agriculture and commodities necessary in the production, manufacture and distribution of agricultural products, tend to develop a larger proportion of tonnage from points of origin in the distribution of agricultural products than tonnage hauled in the opposite direction. Unless adequate provision is made whereby equipment can be loaded in either direction with some approximation to equality, the operation of empty equipment in any considerable volume must necessarily be reflected in operating costs and consequently in rates. It would appear from this that public convenience and necessity can better be served by enabling public carriers, as far as possible, consistent with the reasonable rights of others, and in accordance with services rendered, to do a capacity business or an approximately equal volume of business in either direction.

Applicant further pointed out that, partially resulting from the effect of the enactment of new legislation by the state legislature of 1923, in

amendment to section 5 of the Auto Stage and Truck Transportation Act, as amended in chapter 310, Statutes 1923, the stimulus thereby given to the hauling of farm products to and from farms, previously provided for in applicant's original certificate, by other motor truck operators not previously so authorized, had deprived applicant of so much of its former business that it has been unable to use its full equipment in its present business, so that it has been compelled to lease out a part of its equipment for use in other parts of the state, and that this equipment could more profitably be used in applicant's direct service to take care of its added business if the certificate herein sought were granted.

Testimony was given by representatives of various protesting motor truck transportation companies showing wherein the proposed operation by applicant herein would come into competition with their authorized business. This competition varies as to commodities over the different routes, and in some instances the protestants do not carry these commodities in three-ton lots or over. Applicant claimed that the competition complained of has already existed without prejudice to public convenience and necessity by reason of its operations in hauling these commodities for the past two years as understood by applicant to be within the provisions of its existing certificates of operation.

As the question of protecting the operative rights of motor transportation companies holding certificates for any given operation has been raised frequently in proceedings of this Commission, particularly in matters in which this applicant has been interested, it is deemed advisable to point out some of the considerations that enter into a determination of this question.

Some fundamental principles were enunciated by this Railroad Commission in Decision No. 107 in Case No. 259, *Pacific Gas and Electric Company vs. Great Western Power Company*, rendered in June, 1912, wherein the Commission stated:

Where a territory is served by a utility which has pioneered in the field, and is rendering cheap and efficient service, and is fulfilling adequately the duty which as a public utility it owes to the public, and the territory is so generally served that it may be said to have reached the point of saturation as regards the particular commodity in which such utility deals, then certainly the design of the law is that the utility shall be protected within such field; but when any one of these conditions is lacking, the public convenience may often be served by allowing competition to come in.

It would be difficult to more perfectly define the governing principles relating to protection and competition, as applied to public utilities in general, and particularly as applied to power and light utilities referred to more specifically in that decision, where a given territory is allotted to or occupied by a particular utility whose equipment and facilities are of such a nature that it can connect directly with practically every home and place of business.

When, however, we deal with highway transportation, and particularly with motor truck operations, we have to consider additional factors not characteristic of the service of stationary utilities.

A motor transportation company owns and operates a limited line of equipment. Many of these operators started in the hauling business before the enactment of the Auto Stage and Truck Transportation Act, having originally engaged chiefly in local transfer or trucking business. Others have entered the field directly under the authorization of the Commission, restricted to specific territory or routes and sometimes to specific commodities or to specific tonnage. Practically all of these operators have started in business with a small equipment, hoping to increase the equipment either out of earnings or by new investment with expanding business. To say that they can adequately serve a given territory can only be true to the extent of their available equipment in comparison with the total volume of business to be done. Moreover, the equipment may be available at a distance but not convenient when wanted. Motor truck companies do not generally operate on a fixed time schedule. Some operate as shipments are offered; others on a periodic schedule, weekly, bi-weekly, or daily. They do not operate as railroad trains, on a fixed and regular time schedule. Shippers sometimes prefer a trucking concern that specializes in certain commodities, giving the particular care that they need. Contract arrangements are frequently made, and sometimes shippers are willing to employ an operator charging higher rates whom they know to be prompt and reliable in every way, rather than to pay a lower rate in support of a general transportation system. Moreover, the public is only gradually becoming educated to the value and convenience of motor truck transportation. Accordingly personal solicitation, advertising, style and character of equipment and known qualities of service enter into the public estimate and demand for this form of public service. In other words, auto truck transportation as a public utility is a matter of business development, segregated into many smaller or larger units of ownership, management and operation and intimately related to the prompt convenience and varying preferences of the general business public.

Under these conditions it is more difficult to determine when motor truck transportation has reached a point of adequate service or of saturation in a given territory than in the case of an electric light and power, or a gas, or a telephone utility. For the reasons above stated, a wider latitude exists in the field of motor transportation than perhaps in any other branch of public utility service for the exercise of discretionary judgment by the Commission as to what constitutes reasonable competition or rightful protection of operative rights.

It must be borne in mind, however, that in the growth of this form of public service, public convenience and necessity demand a reasonable conservation of competitive energy. Otherwise the usefulness and continuity of this service to the public will be impaired when it should be improved. Competition that tends to break down superior and essential service provided by existing agencies is not to be encouraged, but competition, whether applied to service or to rates than can better serve public convenience and necessity in its broad sense as related to the class of utility involved, must have due consideration.

Accordingly, while reaffirming the Commission's opinion with respect to the four main principles enunciated in above mentioned Decision No. 107, affecting pioneer or prior operation, lowest reasonable rates, adequacy and efficiency of service offered and rendered, and the degree of saturation realized by existing utility operations in the territory involved, as applicable to all utilities, including motor transportation, they must be interpreted and applied appropriately to the history, conditions and special characteristics of this latter form of service, and in accordance with the public interests of the localities to be served, which must be the ultimate basis of determination in this matter.

In the hearing of the instant application, the evidence shows that a substantial public demand exists for the proposed operation and that the available equipment owned by applicant and already dedicated to public service, can be used more economically and profitably in that service by the granting to applicant of a certificate of public convenience and necessity authorizing it to haul over the twelve routes described in previous decisions of this Commission, No. 10296 and No. 12898, adding to the commodities therein specified the commodities named in amended application herein.

I submit the following form of order:

ORDER.

A public hearing having been held in the above entitled matter, evidence introduced, the matter having been submitted and the Commission being fully advised, and basing its order on the findings of fact in the opinion preceding this order:

The Railroad Commission of the State of California hereby declares that public convenience and necessity require the operation by The Hodge Transportation System of an automobile truck service as a common carrier of commodities as specifically set forth in its amended application, said commodities to be handled at rates as set forth in Exhibit "A" attached to said amended application and over the routes and between the termini as more specifically set forth in Decisions Nos. 10296 and 12898; and

It is hereby ordered, that a certificate of public convenience and necessity be and the same hereby is granted, subject to the following conditions:

1. Applicant shall file its written acceptance of the certificate herein granted within a period of not to exceed ten (10) days from the date hereof, and shall file supplement to its present tariff of rates setting forth the rates to be charged for the commodities herein authorized to be transported, within a period of not to exceed twenty (20) days from the date hereof.

2. The rights and privileges herein authorized may not be discontinued, sold, leased, transferred nor assigned unless the written consent of the Railroad Commission to such discontinuance, sale, lease, transfer or assignment has first been secured.

3. No vehicle may be operated by applicant herein unless such vehicle is owned by said applicant or is leased by it under a contract or agreement on a basis satisfactory to the Railroad Commission.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this twenty-ninth day of March, 1924.

DECISION No. 13340.

IN THE MATTER OF THE APPLICATION OF CLAREMONT DOMESTIC WATER COMPANY FOR AN ORDER AUTHORIZING THE ISSUE OF BONDS TO THE AMOUNT OF SEVENTY-FIVE THOUSAND DOLLARS AT SIX PER CENT.

Application No. 8919.

Decided March 29, 1924.

L. T. Gillett, for Applicant.

BY THE COMMISSION.

OPINION.

In this application, Claremont Domestic Water Company asks the Railroad Commission to make an order authorizing it to execute a mortgage and to issue \$75,000 of first mortgage 6 per cent thirty-year bonds, due March 1, 1954, for the purpose of paying indebtedness and of financing the cost of extensions, additions and betterments, and also to make temporary loans until such time as the bonds can be sold.

At the public hearing held before Examiner Williams, applicant withdrew its request to make temporary loans. At the same time it developed that it is the present intention of applicant to sell only \$38,000 of bonds. That portion of the application, therefore, relating

to the issue of \$37,000 of bonds and the making of temporary loans will be dismissed.

Claremont Domestic Water Company is engaged in supplying water for domestic and irrigation purposes in and about the city of Claremont, approximately 640 consumers being served on December 31, 1923. The company reports gross revenues for the year ending December 31, 1921, as \$20,739.63, for the year ending December 31, 1922, as \$20,376.25 and for the year ending December 31, 1923, as \$24,020.75. After paying operating expenses, including taxes and depreciation, and interest and other fixed charges it reports net profits for 1921 as \$7,634.45; for 1922, as \$7,069.17, and for 1923, as \$9,913.77. The assets and liabilities of the company as of December 31, 1923, are reported as follows:

<i>Assets.</i>	
Fixed capital	\$158,638 76
Cash and deposits	8,468 94
Accounts receivable	1,748 41
Materials and supplies	1,257 74
Total assets	\$170,113 85
<i>Liabilities.</i>	
Capital stock	\$100,000 00
Notes payable	33,550 00
Accounts payable	23 53
Interest and taxes accrued	767 74
Dividends declared	8,000 00
Reserve for accrued depreciation	14,802 03
Corporate surplus	12,970 55
Total liabilities	\$170,113.85

Applicant now proposes to create a first mortgage on its properties, to secure a total authorized indebtedness of \$75,000 of 6 per cent bonds, due March 1, 1954. It proposes at this time to sell \$38,000 of bonds at not less than their face value for the purpose of retiring outstanding indebtedness of \$33,550 and of financing the cost of additional pipe lines, which cost is estimated at approximately \$4,000. The indebtedness to be paid is reported by applicant as follows:

Long Term Notes—

Secured by mortgage to Pomona College, dated April 1, 1915, due April 1, 1925, with interest at 7 per cent. \$13,000 00

Short Term 7 per cent Demand Notes—

Payable to Mrs. C. S. Phelps, dated December 1, 1920.....	1,750 00
Payable to Louise Roberts, dated August 13, 1921.....	2,000 00
Payable to L. T. Gillett, dated January 16, 1922.....	1,300 00
Payable to W. L. Smith, dated January 19, 1922.....	2,000 00
Payable to G. P. Avery, dated June 12, 1923.....	1,500 00
Payable to G. P. Avery, dated September 1, 1923.....	500 00
Payable to Grace Rich, dated June 12, 1923.....	1,500 00
Payable to Grace Rich, dated October 30, 1923.....	1,000 00
Payable to Maria Jagnow, dated September 25, 1923.....	3,000 00
Payable to First National Bank of Claremont, various dates.....	6,000 00
Total	\$33,550 00

The \$13,000 of long term notes were issued pursuant to authority granted by Decision No. 2168, dated February 24, 1915, to finance the cost of extensions, additions and betterments and to pay outstanding indebtedness which had been incurred in making extensions, additions and betterments. It appears that the remainder of the indebtedness, amounting to \$20,550, was incurred to pay in part the cost of construction work during the last three years, applicant reporting its net construction expenditures during the three years ending December 31, 1923, as \$30,738.90.

On March 19, 1924, there was filed with the Commission a revised copy of applicant's proposed deed of trust. The deed of trust filed on such date is in satisfactory form.

ORDER.

Claremont Domestic Water Company, having applied to the Railroad Commission for permission to execute a deed of trust and to issue bonds, a public hearing having been held and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for by the issue of \$38,000 of bonds is reasonably required for the purposes specified herein and that the expenditures for such purposes are not in whole, or in part, reasonably chargeable to operating expenses or to income;

It is hereby ordered, that the Claremont Domestic Water Company be and it is hereby authorized to execute a deed of trust substantially in the same form as the deed of trust filed with the Railroad Commission on March 19, 1924, provided that the authority herein granted to execute such deed of trust is for the purpose of this proceeding only and is granted in so far as this Commission has jurisdiction under the terms of the Public Utilities Act, and is not intended as an approval of such deed of trust as to such other legal requirements to which such deed of trust may be subject.

It is hereby further ordered, that Claremont Domestic Water Company be and it is hereby authorized to issue and sell at not less than face value, plus accrued interest, \$38,000 of its first mortgage 6 per cent bonds, due March 1, 1954, and use the proceeds to pay indebtedness and to finance the cost of the additional pipe line referred to in the foregoing opinion.

The authority herein granted is subject to further conditions as follows:

1. Applicant shall keep such record of the issue, sale and delivery of the bonds herein authorized and of the disposition of the proceeds as will enable it to file on or before the twenty-fifth day of each month a verified report as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

2. The authority herein granted will become effective when applicant has paid the fee prescribed by section 57 of the Public Utilities Act, which fee is \$25, and will expire on November 30, 1924.

It is hereby further ordered, that the application, in so far as it relates to the issue of \$37,000 of bonds and the making of temporary loans, be and it is hereby dismissed without prejudice.

Dated at San Francisco, California, this twenty-ninth day of March, 1924.

DECISION No. 13341.

IN THE MATTER OF THE APPLICATION OF MARY E. McNERNEY, FOR
PERMISSION TO ESTABLISH RATES FOR THE SALE OF WATER.

Application No. 9774.

Decided March 29, 1924.

Arch G. McLay, for Applicant.

BY THE COMMISSION.

OPINION.

In the above entitled application Mary E. McNerney asks for permission to operate a public utility water system and establish a rate for the sale of water to residents of a tract of land near Huntington Park, known as Tract No. 6000, Los Angeles County.

A public hearing in the matter was held by Examiner Williams at Los Angeles, after due notice thereof had been given so that all interested parties might appear and be heard.

The testimony shows that this water system was installed by Mrs. McNerney, under the direction of W. A. Alexander, to aid in the sale of lots in Tract No. 6000, which was owned by Mrs. McNerney and subdivided and sold by Mr. Alexander.

Water is developed from a well 1006 feet deep and lifted into a 50,000-gallon tank elevated 50 feet above ground, from which it is distributed to its point of use through woodstave pipe lines, ranging from three to six inches in diameter.

There is no other public utility serving water in this territory and no one appeared to contest the granting of the application.

The testimony also indicates that applicant does not expect a return upon the investment at this time and is willing to accept a schedule of rates similar to that recently granted by this Commission to the Home Gardens Water Company, which operates as a public utility under similar conditions in adjacent territory.

There are at present approximately seventy consumers on the tract, one of whom appeared at the hearing and testified that he did not contest the granting of the application, but complained that the quality

of water was poor at times. The testimony indicates that the water in the new wood pipes becomes stagnant and should be systematically flushed out until the use of water is sufficient to afford a greater degree of circulation.

ORDER.

Mary E. McNerney having made application to the Railroad Commission as entitled above, a public hearing having been held thereon, the matter having been submitted, and the Commission being now fully informed in the matter:

The Railroad Commission of the State of California hereby declares that public convenience and necessity require and will require that Mary E. McNerney operate a water system to supply water for domestic purposes in the area known as Tract No. 6000, Los Angeles County.

It is hereby ordered, that Mary E. McNerney be and she is hereby authorized to file with this Commission within twenty (20) days from the date hereof the following schedule of rates to be charged for all water delivered to consumers subsequent to April 30, 1924:

Monthly Flat Rate.

For service from a $\frac{3}{4}$ -inch connection----- \$1 50

Monthly Meter Rates.

Monthly charge for water used—

0 to 1,000 cubic feet, per 100 cubic feet-----	\$0 20
1,000 to 2,000 cubic feet, per 100 cubic feet-----	0 15
All over 2,000 cubic feet, per 100 cubic feet-----	0 10

Minimum monthly charge—

$\frac{5}{8}$ and $\frac{3}{4}$ -inch meter-----	\$1 00
1-inch meter -----	1 75
2-inch meter -----	3 00

- Each of the foregoing minimum monthly charges will entitle the consumer
- to the quantity of water which that sum of money will purchase at the "monthly charge for water used" as set out above.

It is hereby further ordered, that Mary E. McNerney be and she is hereby directed to file with this Commission within thirty (30) days from the date of this order, rules and regulations to govern relations with consumers, such rules and regulations to become effective upon their acceptance by this Commission.

Dated at San Francisco, California, this twenty-ninth day of March, 1924.

DECISION No. 13342.

IN THE MATTER OF THE APPLICATION OF CATHERINE A. BROOKS,
JOE SKIDMORE AND GUY E. SKIDMORE FOR PERMISSION TO
SELL AND OF SKIDMORE BROTHERS CORPORATION, A CORPORA-
TION, FOR PERMISSION TO BUY THE ASSETS OF LAGUNA
HEIGHTS WATER SYSTEM.

Application No. 9782.

Decided March 29, 1924.

Scarborough, Forgy and Reinhaus, by *S. M. Reinhaus*, for Applicant.

BY THE COMMISSION.

OPINION.

In this application the Railroad Commission is asked to make an order authorizing Catherine A. Brooks, Joe W. Skidmore and Guy E. Skidmore, doing business under the firm name and style of Laguna Heights Water System, to transfer the properties of the Laguna Heights Water System to Skidmore Bros. Corporation and authorize Skidmore Bros. Corporation to issue \$50,000 of its capital stock.

A public hearing was held before Examiner Williams in Los Angeles.

The Laguna Heights Water System was installed for the purpose of supplying water for domestic uses in Laguna Beach, Orange County. On December 31, 1921, 475 consumers were supplied with water; on December 31, 1922, 603 consumers; and on December 31, 1923, approximately 700 consumers. The assets and liabilities of the system as of December 31, 1923, are reported as follows:

<i>Assets.</i>	
Fixed capital	\$112,786 71
Accounts receivable	166 57
Materials and supplies	368 31
Prepaid insurance	119 38
Total assets	\$113,440 97
<i>Liabilities.</i>	
Notes payable	\$20,455 78
Accounts payable	1,053 72
Service billed in advance	5,200 52
Reserve for accrued depreciation	10,230 40
Investment	76,500 55
Total liabilities	\$113,440 97

The record shows that the owners of the water system have decided that the properties can be operated more advantageously by a corporation and for that reason have made this application to sell such properties to Skidmore Bros. Corporation. It appears that Skidmore Bros. Corporation was organized on or about April 28, 1923, with an authorized capital stock of \$1,500,000, divided into 1500 shares of the par value of \$1,000 each. The application shows that the corporation here-

tofore has been authorized by the Commissioner of Corporations to issue \$950,000 of stock in payment for the nonpublic utility property and business of the individuals who are applicants in this proceeding. The corporation now intends to enter into the public utility business and to place itself under the regulation and jurisdiction of the Railroad Commission, so far as such business and properties are concerned. It therefore asks permission to issue \$50,000 of stock in payment for the Laguna Heights Water System.

The Commission has given consideration to the testimony herein and to the reports of the water system on file with it and is of the opinion that for the purposes of this proceeding it is justified in authorizing the issue of \$50,000 of stock.

ORDER.

Application having been made to the Railroad Commission for permission to transfer properties and to issue stock, a public hearing having been held and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for through the issue of the stock is reasonably required for the purposes specified herein and that the expenditures for such purposes are not in whole, or in part, reasonably chargeable to operating expense or to income:

It is hereby ordered, that Catherine A. Brooks, Joe W. Skidmore and Guy E. Skidmore, doing business under the firm name and style of Laguna Heights Water System, be and they are hereby authorized to sell and transfer their public utility business and properties known as Laguna Heights Water System to Skidmore Bros. Corporation, and Skidmore Bros. Corporation be and it is hereby authorized to acquire such properties and to issue in payment \$50,000 of its common capital stock.

The authority herein granted is subject to further conditions as follows:

1. Within thirty days after the execution of the deed conveying the properties herein authorized to be transferred to Skidmore Bros. Corporation, a certified copy thereof shall be filed with the Railroad Commission.

2. The amount of stock which Skidmore Bros. Corporation is authorized to issue in payment for the properties of Laguna Heights Water System shall not be binding on this Commission, or other court or public body, as a measure of value of such properties for the purpose of fixing rates, or for any purpose other than this transfer.

3. Applicant shall keep such record of the issue and delivery of the stock herein authorized as will enable it to file, within thirty days after such issue and delivery, a verified report, as required by the Commis-

sion's General Order No. 24, which order, in so far as applicable, is made a part of this order.

4. The authority herein granted to transfer properties and to issue stock will become effective upon the date hereof, but will expire on June 30, 1924.

Dated at San Francisco, California, this twenty-ninth day of March, 1924.

DECISION No. 13349.

IN THE MATTER OF THE APPLICATION OF THE WESTERN PACIFIC RAILROAD COMPANY FOR AN ORDER AUTHORIZING THE ISSUANCE AND SALE OF THREE MILLION ONE HUNDRED FIVE THOUSAND DOLLARS PRINCIPAL AMOUNT OF THE WESTERN PACIFIC RAILROAD COMPANY FIVE AND ONE-HALF PER CENT EQUIPMENT TRUST CERTIFICATES, SERIES "C," AND THE GUARANTEE OF THE PAYMENT OF THE SAME BY THE COMPANY.

Application No. 9902.

Decided March 29, 1924.

F. M. Angelotti, for Applicant.

BY THE COMMISSION.

OPINION.

The Western Pacific Railroad Company asks permission to issue \$3,105,000 face value of its 5½ per cent equipment trust certificates, Series "C," and to guarantee unconditionally the payment of the principal of such certificates and the dividends thereon, and to sell such equipment trust certificates at par and accrued interest to the American Car and Foundry Company, in accordance with the terms of contract filed in this proceeding and marked "Exhibit I."

It is of record that applicant has entered into agreements for the purchase of the following equipment:

5 heavy Mikado locomotives-----	\$325,000 00
5 Mallet locomotives-----	398,750 00
775 steel underframe refrigerator cars-----	2,528,290 25
100 logging cars-----	121,300 00
200 steel underframe automobile cars-----	535,624 00
1 Jordan spreader equipped with composite ditching and spreading wings-----	14,750 00
Total gross cost-----	\$3,923,714 25

The foregoing prices are the prices included in the contracts for the manufacture of the equipment. There will be added to such cost expenses of inspection and freight to Salt Lake City. Applicant will be entitled to receive rebates from the manufacturers of patented appliances or the owners of patents thereon which will reduce the cost. It is estimated that the equipment will finally cost applicant \$3,881,250.

For the purpose of paying, in part, for such equipment, applicant will guarantee the payment of \$3,105,000 of equipment trust certificates which are to be issued under an agreement similar to that filed in this proceeding and marked "Exhibit B." Simultaneously with the execution of the equipment trust agreement, The Equitable Trust Company of New York, as trustee, will enter into an agreement whereby the equipment to which reference has been made will be leased by the trustee to the applicant for a rental consisting of:

1. A sum equal to the difference between the aggregate amount of the trust certificates which will be issued and the cost of the equipment, provided that such sum shall not be less than 20 per cent of the cost of the equipment.

2. An amount sufficient to pay the principal of the certificates and the dividend warrants thereto attached, as they respectively mature.

3. All taxes which the trustee may be required to pay on the income or property of the trust, and all taxes (except such portion of any federal income tax with respect to said income as shall be in excess of 2 per cent thereof) which the applicant or the trustee may be required or permitted to pay, or to retain from the principal of the trust certificates or from the dividends thereon.

4. The necessary and reasonable expenses of the trust, including all expenses connected with the trust equipment and the leasing thereof.

Upon the payment in full of the rental, the title to the equipment is to be transferred to applicant.

Under the equipment trust agreement, \$207,000 par value of equipment trust certificates mature annually on the first day of December of each of the years 1924 to 1938, both inclusive.

ORDER.

The Western Pacific Railroad Company having applied to the Railroad Commission for permission to issue equipment trust certificates and guarantee the payment of such certificates and the dividend warrants attached thereto and to execute an equipment trust agreement and a lease of railroad equipment, a public hearing having been held before Examiner Fankhauser, and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for through the issue of the equipment trust certificates is reasonably required by applicant and that the expenditures herein authorized are not in whole, or in part, reasonably chargeable to operating expenses or to income and that this application should be granted as herein provided; therefore,

It is hereby ordered, that The Western Pacific Railroad Company be and it is hereby authorized to execute and enter into an equipment trust agreement substantially in the same form as the equipment trust

agreement filed in this proceeding and marked "Exhibit B;" also to execute a lease of railroad equipment substantially in the same form as the lease of railroad equipment filed in this proceeding and marked "Exhibit C."

It is hereby further ordered, that The Western Pacific Railroad Company be and it is hereby authorized to issue and sell at not less than par \$3,105,000 par value of 5½ per cent serial equipment trust certificates and to assume the obligations under the equipment trust agreement and the lease of railroad equipment which the company is herein authorized to execute.

The authority herein granted is subject to further conditions as follows:

1. The proceeds obtained from the sale of the equipment trust certificates shall be used to pay, in part, the cost of the equipment referred to in the preceding opinion and this application.

2. The authority herein granted to execute an equipment trust agreement and a lease of railroad equipment is for the purpose of this proceeding only, and is granted in so far as this Commission has jurisdiction under the terms of the Public Utilities Act and is not intended as an approval of said agreements as to such other legal requirements to which said agreements may be subject.

3. The Western Pacific Railroad Company shall keep such record of the issue, sale and delivery of the equipment trust certificates herein authorized and of the disposition of the proceeds as will enable it to file on or before the twenty-fifth day of each month a verified report as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

4. The authority herein granted to issue equipment trust certificates or to assume obligations under the equipment trust agreement and the lease of railroad equipment herein authorized to be executed will become effective upon the payment of the fee prescribed by section 57 of the Public Utilities Act, which fee amounts to \$2,052.50, but will expire on October 1, 1924.

Dated at San Francisco, California, this twenty-ninth day of March, 1924.

DECISION No. 13350.

IN THE MATTER OF THE APPLICATION OF COAST TRUCK LINE, A CORPORATION, FOR AN ORDER AUTHORIZING THE ISSUANCE OF FOUR HUNDRED EIGHTY-SIX AND ONE-HALF SHARES OF ITS CAPITAL STOCK.

Application No. 9743.

Decided March 29, 1924.

H. J. Bischoff, for Applicant.

BY THE COMMISSION.

OPINION.

In this application Coast Truck Line asks permission to issue and sell at par, less a selling commission of not exceeding 10 per cent of the par value of stock sold, \$25,000 of its 8 per cent preferred stock and \$23,650 of its common stock, and to use the proceeds to provide working capital and to finance the cost of additional equipment.

A public hearing was held before Examiner Williams in Los Angeles on March 14, 1924, at which time the company amended its application so as to ask permission to pay a commission for the sale of its stock of not exceeding 15 per cent of the par value of stock sold. We will not authorize the payment of a 15 per cent commission on 8 per cent preferred stock.

Coast Truck Line has an authorized capital stock of \$75,000 consisting of 750 shares of the par value of \$100 each and divided into 500 shares of common stock and 250 shares of preferred stock. Of the authorized amount, the company reports only \$26,350 of common stock outstanding. The company is engaged in operating auto trucks for the transportation of freight between Los Angeles and San Diego, and Oceanside and Riverside, and Oceanside and Los Angeles. It appears that the company operates about fifteen trucks, four trailers and three delivery trucks, most of which equipment is leased under agreements providing for the payment of \$45 a round trip between Los Angeles and San Diego, \$25 a round trip between Los Angeles and Oceanside, and \$40 a round trip between Oceanside and Riverside.

Applicant now reports that it has concluded to purchase equipment rather than to continue leasing, it being of the opinion that operations can be conducted less economically with leased equipment. It therefore proposes to acquire about six or seven Moreland or Pierce Arrow trucks at a cost of from \$5,000 to \$6,000 each and to finance such cost through the sale of its stock.

The company also asks permission to use about \$10,000 of the proceeds from the sale of the stock to provide working capital. In this connection, Theodore J. Nedderman, applicant's general manager, testified that the company's operations required at least that amount for working capital, as the current accounts receivable usually aggregated in excess of \$10,000.

ORDER.

Coast Truck Line, having applied to the Railroad Commission for an order authorizing the issuance of capital stock, a public hearing having been held and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for through such issue is reasonably required by applicant for the purposes specified herein; therefore,

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It is hereby ordered, that Coast Truck Line be and it is hereby authorized to issue \$25,000 of its 8 per cent preferred and \$23,650 of common stock.

The authority herein granted is subject to the following conditions:

1. The stock herein authorized to be issued shall be sold for cash at not less than par. Of the proceeds realized from the sale of the preferred stock, an amount equal to not more than \$6 per share, and of the proceeds realized from the sale of the common stock, an amount equal to not more than \$10 per share, may be expended to pay stock selling commissions and other similar expenses. The remainder of the proceeds, together with such amounts allowed for stock selling commissions and other similar expenses, not necessary to be expended for such purposes, shall be used for the purpose of purchasing additional equipment and of providing working capital, as indicated in the opinion which precedes this order.

2. Applicant shall file with the Commission a statement showing the equipment purchased with the proceeds from the sale of the stock herein authorized to be issued and the cost of such equipment.

3. Applicant shall keep such record of the issue, sale and delivery of the stock herein authorized and of the disposition of the proceeds as will enable it to file on or before the twenty-fifth day of each month a verified report, as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

4. The authority herein granted to issue and sell stock will become effective upon the date hereof. Under the authority herein granted, no stock may be issued, sold or delivered after February 28, 1925.

Dated at San Francisco, California, this twenty-ninth day of March, 1924.

DECISION No. 13351.

IN THE MATTER OF THE APPLICATION OF A. E. DONOVAN, FOR AN ORDER PERMITTING THE TRANSFER OF CERTAIN OPERATING RIGHTS TO DONOVAN TRANSPORTATION COMPANY, A CORPORATION, AND THE APPLICATION OF DONOVAN TRANSPORTATION COMPANY, A CORPORATION, TO ISSUE AND SELL ITS SECURITIES.

Application No. 9773.

IN THE MATTER OF THE APPLICATION OF HUGH M. WILCOX AND M. J. WEAKLY, FOR AN ORDER PERMITTING THE TRANSFER OF OPERATING RIGHTS TO A. E. DONOVAN.

Application No. 9777.

Decided March 29, 1924.

Collamer A. Bridge, for Applicants.

BY THE COMMISSION.

OPINION.

In Application No. 9777, Hugh M. Wilcox, M. J. Weakly and A. E. Donovan, doing business under the firm name and style of Donovan Transportation Company, ask permission to transfer certain operative rights and properties to A. E. Donovan.

In Application No. 9773, A. E. Donovan asks permission to transfer such rights and properties to Donovan Transportation Company, a corporation, and Donovan Transportation Company asks permission to issue \$25,000 of its common capital stock.

A public hearing in these two proceedings was held before Examiner Williams in Los Angeles on March 14, 1924, at which time the matters were consolidated for the purpose of receiving evidence and for decision.

The record shows that Hugh M. Wilcox, M. J. Weakly and A. E. Donovan, doing business as copartners under the firm name and style of Donovan Transportation Company, are engaged in operating auto trucks for the transportation of baggage, express and freight between Redondo Beach and Santa Monica and intermediate points. It appears that the certificate of public convenience and necessity to operate over this route was first acquired by A. E. Donovan under authority granted by the Commission in Decision No. 11913, dated April 6, 1923. Thereafter the Commission, by Decision No. 12451, dated August 2, 1923, authorized the transfer of such operative rights to a partnership composed of A. E. Donovan, Hugh M. Wilcox and M. J. Weakly. It now appears that the copartnership has been dissolved and application therefore is made to reconvey the rights to A. E. Donovan, subject to the terms and conditions set forth in the agreement filed as an exhibit in Application No. 9777.

Upon receiving such rights and properties, A. E. Donovan proposes to transfer them to a corporation known as Donovan Transportation Company, which he has caused to be organized for the purpose of receiving and operating such rights and properties. The articles of incorporation of Donovan Transportation Company, a copy of which is on file in Application No. 9773, shows that the corporation was organized on or about January 2, 1924, with an authorized capital stock of \$50,000, divided into 50,000 shares of the par value of \$1 each. The company proposes at this time to issue \$25,000 of its stock, of which amount it is planned to issue \$4,850 to W. M. Atkinson in payment for a local transfer business in the cities of Redondo Beach, Torrance, San Pedro, Venice and elsewhere and certain properties, consisting of a Fageol 1923 3½-four-ton truck, a Ford 1923 one-ton truck and a Ford 1922 light transfer, and to deliver \$15,000 in payment for the rights and properties of A. E. Donovan.

Following the hearing in this matter, A. E. Donovan filed with the Commission, in Application No. 9773, a statement in which he reports that he expended \$19,225 in connection with the business of Donovan Transportation Company and for property and equipment. An analysis of this statement shows that the total amount is made up of the following items:

Property and equipment	\$6,500 00
Materials and supplies, etc.	1,000 00
Furniture and fixtures	800 00
Attorney's fees, witness fees and organization expenses	1,150 00
Advertising	1,000 00
Rents	2,000 00
Bookkeeper's salary	1,275 00
Officers' salaries	1,700 00
Drivers' wages	2,800 00
Gasoline, oil and repairs	1,000 00
Total	\$19,225 00

In addition to the properties contained in the foregoing tabulation, it appears that if the proposed transfers are effected, the corporation will also acquire three leases of warehouse buildings in San Pedro, Venice and Redondo Beach. The San Pedro lease runs for a period of approximately one year from the present time and provides for a monthly rental of \$125. Under this lease, the lessee has an option of renewal for two years at a monthly rental of \$150 during the first year and \$175 the second year. The lease for the properties in Venice runs for a period of approximately two years and involves a payment for rental of \$50 a month. The Redondo lease extends for a period of one year at a rental of \$50 a month.

In making an order authorizing the issue of stock in payment of the properties of A. E. Donovan, we believe that there should be eliminated from the foregoing tabulation approximately \$8,775, representing amounts expended for rents, bookkeeper's and officers' salaries, drivers' wages and gasoline, oil and repairs. In our opinion, these expenditures are operating charges and should be paid out of the current revenues of the business. The order herein will therefore authorize Donovan Transportation Corporation to issue such an amount of stock as is equal to the reported cost of the equipment, materials and supplies and organization expense, plus an allowance for working capital.

The corporation proposes to issue and sell the remaining \$5,150 of stock for which application is made at par, for the purpose of providing funds to pay in part the cost of constructing a warehouse in San Pedro or Wilmington. It reports that negotiations are now being carried on for the purpose of acquiring a lot, upon which it is planned to construct a one-story fireproof warehouse 80 x 100 feet in dimension, all at an estimated cost of approximately \$13,000.

While applicant proposes to sell its stock at par, it asks permission to pay, if necessary, a commission of not exceeding 20 per cent of the par value of stock sold, for the purpose of paying commissions and selling expenses. The testimony of A. E. Donovan, applicant's president, indicates, however, that the officers of the corporation first intend to attempt to dispose of the stock themselves and that only in the event they are unsuccessful will a stock salesman be employed to sell such stock. It therefore appears that it may be unnecessary for the corporation to pay a commission for the sale of its stock. The order herein will authorize the sale of stock at par, net to the corporation. In the event it is found that it is impossible to dispose of the stock under these conditions, the corporation may file a supplemental petition with the Commission requesting a modification of the order so as to permit the payment of a commission for selling the stock.

ORDER.

Application having been made to the Railroad Commission for an order authorizing the transfer of operative rights and properties and the issue of \$25,000 of stock, a public hearing having been held and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for through the issue and sale of such stock is reasonably required for the purposes specified herein and that the expenditures for such purposes are not in whole, or in part, reasonably chargeable to operating expenses or to income;

It is hereby ordered, that Hugh M. Wilcox, M. J. Weakly and A. E. Donovan, doing business under the firm name and style of Donovan Transportation Company, be and they are hereby authorized to transfer the operative rights and properties to A. E. Donovan, subject to the terms and conditions of the agreement attached to Application No. 9777.

It is hereby further ordered, that A. E. Donovan be and he is hereby authorized to transfer such rights and properties to Donovan Transportation Company, a corporation, and Donovan Transportation Company be and it is hereby authorized to issue \$25,000 of its common capital stock.

The authority herein granted is subject to the following conditions:

1. Of the \$25,000 of stock herein authorized to be issued, \$11,000 may be delivered in full payment of the rights and properties of A. E. Donovan, to which reference is made in the foregoing opinion, and \$4,850 may be delivered in payment for the properties of W. M. Atkinson, to which reference is also made in the foregoing opinion.
2. The remaining \$9,150 of the stock herein authorized may be sold at not less than par, net to the corporation, and the proceeds used for the purpose of acquiring the lot and of constructing the warehouse building, as set forth in the preceding opinion.

3. Applicant shall keep such record of the issue, sale and delivery of the stock herein authorized and of the disposition of the proceeds as will enable it to file on or before the twenty-fifth day of each month a verified report, as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

4. Hugh M. Wilcox, M. J. Weakly and A. E. Donovan shall cancel immediately all tariffs and time schedules now on file with the Railroad Commission, such cancellation to be in accordance with the provisions of General Order No. 51 and other regulations of the Railroad Commission.

5. Donovan Transportation Company, a corporation, shall file immediately tariffs and time schedules in its own name or attach as its own, tariffs and time schedules heretofore filed by Hugh M. Wilcox, M. J. Weakly and A. E. Donovan, all such tariffs and time schedules to be identical with those heretofore filed by H. M. Wilcox, M. J. Weakly and A. E. Donovan.

6. The rights and privileges which are herein authorized to be transferred may not hereafter be discontinued, sold, leased, transferred or assigned unless the written consent of the Railroad Commission to such discontinuance, sale, lease, transfer or assignment first has been secured.

7. No vehicle may be operated by Donovan Transportation Company unless such vehicle is owned by the company or is leased for a specified amount on a trip or term basis, the leasing of the equipment not to include the services of a driver or operator. All employment of drivers or operators of these cars shall be made on the basis of a contract by which the driver or operator shall bear the relation of an employee of the transportation company.

8. The authority herein granted to transfer rights and properties and to issue stock will become effective upon the date hereof but will expire on December 31, 1924.

Dated at San Francisco, California, this twenty-ninth day of March, 1924.

DECISION No. 13352.

IN THE MATTER OF THE APPLICATION OF KINGS LAKE SHORE RAILROAD COMPANY, A CORPORATION, FOR AN ORDER AUTHORIZING THE ISSUE OF CAPITAL STOCK.

Application No. 2919.

Decided March 29, 1924.

Blaine McGowan, for Applicant.

BY THE COMMISSION.

FIFTH SUPPLEMENTAL OPINION.

Kings Lake Shore Railroad Company, in its fifth supplemental petition filed in the above entitled matter, asks the Railroad Commission to make an order authorizing it to issue \$100,000 of preferred stock and \$250,000 of common stock to Charles King in payment of advances made by him and used by applicant in acquiring rights of way and in constructing its line of railway, and in lieu of the outstanding stock.

The record shows that Kings Lake Shore Railroad Company was incorporated on or about May 1, 1917, with an authorized capital stock of \$500,000, divided into 5000 shares of the par value of \$100 each, all shares being common. It appears that recently applicant's stockholders have voted to amend the articles of incorporation so as to provide for an authorized capital stock of \$500,000, consisting of 5000 shares of the par value of \$100 each, and divided into \$100,000 of preferred stock and \$400,000 of common stock. The preferred stock bears dividends at the rate of 7 per cent per annum, cumulative after April 1, 1924, and is preferred as to assets over the common. The articles, as amended, provide for the annual payment into a sinking fund of \$5,250, to be used to retire the preferred stock, by purchase or redemption, at a price not exceeding \$105 a share.

After cumulative dividends have been paid on the preferred stock and the sinking fund payments have been made, the common stock is entitled to receive dividends up to 7 per cent per annum, after which the preferred stock is entitled to receive additional noncumulative dividends of not more than 3 per cent per annum. After the payment of the additional 3 per cent dividend, the remaining net profits may be distributed to the holders of the common stock.

The company's line of railway extends from Corcoran to Liberty Station, a distance of 17.4 miles. To finance the construction, the Commission heretofore has authorized the company to issue \$165,976.63 of its first mortgage 6 per cent bonds, due 1934, and \$103,900 of common stock. It is reported, however, that of the amounts authorized only \$52,500 of stock has been issued and that the balance necessary to complete the line has been advanced by Charles King. This application is now made to permanently finance the cost of the properties through the issue of stock. Applicant reports that it does not intend to issue bonds and that its mortgage has been discharged of record. The present outstanding stock will be canceled and new shares issued in lieu thereof.

Following the hearing on the fifth supplemental petition, Mr. Ward Hall, one of the Commission's assistant engineers, made an appraisal of applicant's properties and prepared a report which, by consent of coun-

sel for applicant, is considered in evidence. In his report, Mr. Hall estimates the historical reproduction cost of all the properties as of February 13, 1924, as \$294,070 and depreciated as \$236,515 and reproduction cost new as \$381,782 and depreciated as \$305,395.

For the purposes of this proceeding we do not believe that we would be justified in authorizing the issue of stock in excess of the estimated cost on the historical reproduction basis. It appears, however, that Mr. Hall's estimate should be increased by \$1,700 on account of additional grading not covered by his report. The order herein, therefore, will authorize the issue of \$295,800 of stock.

FIFTH SUPPLEMENTAL ORDER.

Kings Lake Shore Railroad Company having applied to the Railroad Commission for permission to issue \$350,000 of stock, a public hearing having been held before Examiner Fankhauser and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for through the issue of \$295,800 of stock is reasonably required for the purposes specified herein and that the expenditures for such purposes are not in whole, or in part, reasonably chargeable to operating expense or to income;

It is hereby ordered, that Kings Lake Shore Railroad Company be and it is hereby authorized to issue not exceeding \$100,000 of its preferred stock and \$195,800 of its common stock, or such an amount of either as it may elect to issue up to an aggregate amount of \$295,800, provided that not exceeding \$100,000 of preferred stock be issued.

The authority herein granted is subject to further conditions as follows:

1. The stock herein authorized to be issued shall be delivered to Charles King in full payment of amounts advanced by him and used by applicant in constructing its line of railway, and in lieu of the outstanding \$52,500 of stock, provided that the certificates representing the outstanding shares of stock aggregating \$52,500 be returned to applicant and canceled.

2. Upon issuing the stock herein authorized, any and all liens upon applicant's properties shall be paid by Charles King.

3. Applicant shall keep such record of the issue, sale and delivery of the stock herein authorized and of the disposition of the proceeds as will enable it to file on or before the twenty-fifth day of each month a verified report, as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

4. The authority herein granted to issue stock will become effective upon the date hereof but will expire on July 31, 1924.

It is hereby further ordered, that the fifth supplemental application, in so far as it relates to the issue of \$54,200 of stock be and it is hereby dismissed without prejudice.

It is hereby further ordered, that the authority heretofore granted by the Commission, permitting Kings Lake Shore Railroad Company to issue \$165,976.63 of bonds, be and it is hereby vacated and set aside.

Dated at San Francisco, California, this twenty-ninth day of March, 1924.

DECISION No. 13357.

RICHFIELD OIL COMPANY, A CORPORATION,

vs.

SUNSET RAILWAY COMPANY, A CORPORATION, SOUTHERN PACIFIC COMPANY, A CORPORATION, THE ATCHISON, TOPEKA AND SANTA FE RAILWAY COMPANY, A CORPORATION.

Case No. 1913.

Decided April 2, 1924.

RATES—STEAM RAILROAD—PETROLEUM AND PETROLEUM PRODUCTS.—Rates from Bakersfield, Taft and Kerto to Los Angeles found unreasonable. Reparation awarded on shipments made subsequent to July 1, 1922.

Carmichael-Skidmore Corporation, B. H. Carmichael, H. W. Glensor and F. W. Turcotte, for Complainant.

E. W. Camp, Elmer Westlake, A. A. Johnson and B. Levy, for Defendants.

BY THE COMMISSION.

OPINION.

Complainant is a corporation engaged in the oil business with headquarters in Los Angeles.

It is alleged by complaint filed May 21, 1923, that the rates charged by the defendants on certain carload shipments of petroleum products, including gasoline and liquefied gas from Kerto, Taft, Fellows, Shale and Bakersfield to Los Angeles subsequent to May 15, 1921, were unjust, unreasonable, discriminatory and unjustly prejudicial to complainant and in violation of the Public Utilities Act.

Reparation, and rates for the future are sought.

At the hearing complainant abandoned its request for rates for the future from Fellows and Shale.

Kerto and Taft are points on the Sunset Railway, a line owned jointly by The Atchison, Topeka and Santa Fe Railway Company, hereinafter referred to as the Santa Fe, and the Southern Pacific Company, hereinafter referred to as the Southern Pacific, and extends in a westerly direction from Bakersfield, Kerto being 39.7 miles and Taft 46.2 miles from Bakersfield. Bakersfield is a point on the main line of the Santa Fe and the Southern Pacific.

Rates will be stated in cents per 100 pounds.

Complainant operates a refinery at Los Angeles and one at Bakersfield and contemplates the erection of a refinery at Kerto. It was stated that upon completion of the refinery at Kerto the one at Bakersfield will be dismantled. The capacity of the Bakersfield plant is 6500 barrels of crude oil per day and is operating at about 15 per cent of capacity; the capacity of the Los Angeles plant is 3000 barrels per day and is operating from 65 to 75 per cent of capacity. The contemplated plant at Kerto, it was stated, is being planned to have a capacity of from 7500 to 10,000 barrels of crude oil per day which will, when refined, turn out about 2000 barrels of gasoline per day. The plant at Kerto is to be erected to eliminate the freight charges on the haul of the raw product from the fields to Bakersfield, the oil to be piped from the fields to Kerto for refining.

The Los Angeles plant is in competition with the Standard Oil Company, the Union Oil Company, and other large and small independent companies with refineries in El Segundo, Wilmington, Los Angeles, Vernon, Fillmore, and contiguous territory.

The Bakersfield plant is in competition with plants located at Segura and Maltha.

The complainant at one time secured its supply of liquefied petroleum gas from the Mid-Continent fields, but due to changed market conditions and transcontinental rates it contracted, in September, 1922, for absorption gasoline from the Midway-Sunset fields. This arrangement was satisfactory until the southern California oil fields were developed and complainant's competitors were able to secure their product in the newly developed fields; then the complainant was unable to profitably continue operations under existing rates from the Midway-Sunset fields. Complainant, since that time has only made the shipments necessary to protect its contractual relations and states that unless there is some reduction in the present rates it will discontinue shipping by rail and will dispose of the absorption gasoline through an exchange arrangement with the pipe line operators.

Much was said at the hearing and in the briefs by the complainant relative to the differential existing between petroleum crude oil and gasoline, both in California and other oil-producing centers of the United States. It is complainant's contention, in view of rates authorized by this Commission in re Pacific Electric Railway, Application No. 4733, Decision No. 7252, decided March, 1920, and rates established on gasoline and refined oil by the Interstate Commerce Commission in Mid-Continent oil rates, 36 I. C. C. 109 (decided August, 1915), and *Empire Refining Company vs. Director-General of Railroads*, 73 I. C. C. 207 (decided July, 1922), that a reasonable rate on gasoline from Bakersfield, Kerto and Taft to Los Angeles would be 25½ cents, which would be 7½ cents over the crude oil rates from Bakersfield to Los

Angeles. In re Pacific Electric Railway, Application No. 4733, *supra*, the refined oil rates there published in compliance with our order, were not based with regard or on a percentage relationship to the crude oil rates. While the refined oil rates there published might reflect a percentage of the crude oil rates, nevertheless they were not established as a principle of rate structure on a given per cent of the crude oil rates. By mathematical calculation, any given rate may be a percentage of another rate and yet not be established on a percentage relationship of such rate. In Interstate Commerce Commission cases, *supra*, rates were there established on crude oil of 5 cents less than the rates contemporaneously in effect on gasoline and refined oils. The rates on crude oil and gasoline in California are not now and never have been made in relationship or with particular reference to each other, and to establish rates on these commodities in this territory on a percentage relationship or on a differential basis would not, the testimony shows, be adaptable. The rate on each commodity must be considered by itself and without particular regard or relationship to the other.

The original crude oil rates in California, so the testimony shows, reflect the rates made by the old Board of Railroad Commissioners, which functioned before the passage by the legislature of a regulating statute. In that case, *John LeBlanc vs. Southern Pacific Company et al.*, decided October 8, 1901, the Commission established on crude oil, from Bakersfield to San Francisco and intermediate points, a maximum rate of 37.8 cents per barrel, which is reflected in the present crude oil rates throughout the state. The rates under that order were established under circumstances and conditions peculiar at the time and have been broadly blanketed throughout the state; and, therefore, they are not now a criterion of what the rates on gasoline should be in this territory.

In requesting a 25½ cent rate, the complainant also places a vast amount of importance on the rate of 8 cents on gasoline from Fillmore to Los Angeles, and states that a 25½ cent rate will return a slightly higher per ton mile revenue than the rate from Fillmore to Los Angeles. The rate there established was under distinctly different conditions than are now before us in this case and which would not be proper in determining a reasonable rate between the points here in question. Among other things, competition, geographical location, operating conditions, volume of traffic, and rates from contiguous territory, were entirely different than in the case here before us. None of these nor any other conditions have been shown to be the same or similar in the case now at hand. One of the means of testing the reasonableness of rates is to compare them with rates on the same or similar commodities in the same territory or under circumstances and conditions that are similar. (*Royster Oyster Co. vs. A. C. L. R. R.*, 50 I. C. C. 34.)

In *Hunt Bros. Packing Company vs. Southern Pacific Company*, 2 C. R. C. 349, March 18, 1913, we said:

In view of the frequency with which it is sought to be shown that rates are unreasonable or discriminatory by comparison with other rates, I believe the Commission should call attention of counsel who present such cases that a comparison of rates to be valuable or of weight with this Commission must be made under circumstances which are as nearly similar to the rates complained of as possible. A mere comparison of two or three rates made under entirely different circumstances and conditions does not make out a case of unreasonableness of rates complained of.

Complainant offered in evidence its Exhibit 7 to show that the defendants are charging a higher per ton mile rate from Bakersfield to Los Angeles than is charged from San Francisco to Ashland, Oregon; Richmond to Montague, Dorris, Sisson and Klamath Falls, and what the rates would be to Los Angeles, based on the same per ton per mile, as exists to those points. The distance from San Francisco to Ashland is 403 miles; Richmond to Montague 334 miles; to Dorris 370 miles; to Sisson 296 miles and to Klamath Falls 393 miles. The distance from Los Angeles to Bakersfield is 169 miles; from Kerto 209 miles and from Taft 215 miles. These rates are not well selected, for the reason that the distance to such northern California and southern Oregon points are much greater; in fact, in some instances, more than twice the distance than are points complained of to Los Angeles. It is a maxim of rate structure that, under normal conditions, as the distance increases the per ton mile rate should decrease.

Thropp vs. B. & L. S. R. R., 49 I. C. C. 43.

Nor. Pipe Mfg. Assn. vs. C. N. W., 33 I. C. C. 360.

Western Rate Advance Case, 35 I. C. C. 497.

Defendants testified that generally, in the Western territory, the petroleum refined oil rates, including gasoline, are the fifth class, and that any rate less than fifth class would be less than reasonable. However, there are a vast number of gasoline commodity rates in California, established to meet the varying situations, at the consuming points, such as the competition created by pipe lines, water carriers and at the consuming markets. The exhibits of defendants show that these commodity rates vary from 100 per cent to 75.4 per cent of fifth class rates.

Defendants also presented many exhibits of rate comparisons, as did the complainants. These documents are of value when taken together, but, standing alone, their importance is impaired by reason of the fact that they represent the best effort, of each party to prove its own case.

It is not unusual to find for the same distance widely varying rates, but when this situation exists there must be some controlling reason for the adjustment.

The following rates on gasoline and liquefied petroleum gas are illustrative of the instant situation:

	Miles	May 15, 1921	July 1, 1922	Nov. 25, 1923
To Los Angeles from—				
Bakersfield	169	50½	45½	45½
Pentland	206	*62	*56	48
Kerto	209	62	56	50
Taft	215	61½	58	50

*No specific rates published from Pentland.
Kerto rates held as maximum.

Thus, effective November 25, 1923 (after the submission of this case), the differential at Kerto and Taft over Bakersfield was reduced from 10½ cents to 4½ cents for the hauls of 39.7 miles from Kerto and 46.2 miles from Taft. On the same date the differential at Pentland was made 2½ cents over Bakersfield for the additional haul of 37.3 miles. Pentland is on the same branch line as Kerto and Taft. The differential established at Kerto and Taft reflects 2 cents over the rates from Pentland for an additional haul of 2.4 miles at Kerto and 8.9 miles at Taft, an adjustment which does not follow the usual practice of blanket-ing adjacent producing points into consuming territory on long haul traffic.

In further support of their contention that the present rates to Los Angeles are unreasonable, the complainant submitted the following comparison of rates from oil shipping points, showing distances and earnings per ton mile:

From	To	Miles	Refined oil (gasoline)	Per ton per mile (Actual mileage) Cents
San Francisco	Mendota	163	34	4.17
San Francisco	Berenda	165	34	4.12
San Francisco	Helm	188	36½	3.88
San Francisco	Neville	190	38	4.00
El Segundo	Honda	180	32	3.55
Richmond	Willows	200	33½	3.35
San Francisco	Sanger	208	40	3.84
San Francisco	Goshen	228	44½	3.90

The distance stated in complainant's exhibits are from the points specified, but since the rates are selected from blanketed territories, the average distance from all points in the group should have been given in order to make a correct and proper showing.

The defendant submitted the following comparisons:

From	To	Miles	Refined oil (gasoline)	Per ton per mile (Actual mileage) Cents
Bakersfield.....	Los Angeles.....	163.9	45½	6.39
Kerto.....	Los Angeles.....	208.6	56	5.37
Taft.....	Los Angeles.....	215.1	68	5.39
Richmond.....	Kerman.....	178.0	38	4.27
Oleum.....	Kerman.....	166.6	38	4.56
Martinez.....	Kerman.....	165.5	38	4.53
Avon.....	Kerman.....	168.9	38	4.5
Average.....	.....	169.8	38	4.48
Richmond.....	Fresno.....	190.6	38½	4.04
Oleum.....	Fresno.....	179.2	38½	4.3
Martinez.....	Fresno.....	170.9	38½	4.51
Avon.....	Fresno.....	167.5	38½	4.6
Average.....	.....	177.1	38½	4.35
Richmond.....	Kingsburg.....	210.7	42½	4.03
Oleum.....	Kingsburg.....	199.3	42½	4.26
Martinez.....	Kingsburg.....	191.0	42½	4.45
Avon.....	Kingsburg.....	187.6	42½	4.53
Average.....	.....	197.2	42½	4.31
Richmond.....	Chico.....	148.6	33½	4.51
Oleum.....	Chico.....	138.8	33½	4.84
Martinez.....	Chico.....	137.7	33½	4.87
Avon.....	Chico.....	141.1	33½	4.75
Average.....	.....	141.6	33½	4.75

In addition to the gasoline rates shown above, these are carried in the tariffs of defendants:

From	To	Miles	Rate	Earnings per ton mile
Fillmore.....	Bakersfield.....	162	38½	4.75
Santa Paula.....	Bakersfield.....	172	38½	4.48
San Pedro.....	Lompoc.....	202	38½	3.85
Wilmington.....	Lompoc.....	200	38½	3.85

Reference might also be made to the following rates, taken from the record:

Commodity	From	To	Miles	Rate	Per ton mile
Canned goods.....	Bakersfield.....	Los Angeles.....	169	38½	4.56
Flour.....	Bakersfield.....	Los Angeles.....	169	35	4.14
Cottonseed.....	Bakersfield.....	Los Angeles.....	169	25	2.95
Sulphuric acid.....	Los Angeles.....	Segura.....	175	81½	3.6

Low rates on commodities are made by carriers to induce the movement of tonnage that otherwise would not be transported and, within limitations, such rate adjustments may be proper. However, in situations where the commodity is shipped from both termini of selected

territory, we can find no reason why rates for equidistant hauls under practically similar circumstances should not be fairly equal in volume. Rates of this character are usually based upon the controlling conditions and not upon the reasonableness *per se* of the rates themselves. Much has been said in this proceeding about water carrier and pipe-line competition, but these disturbing factors create no basis for discrimination as between shippers similarly located when the carrier has voluntarily elected to meet the competition.

The complainant is demanding a rate of 25½ cents from Bakersfield to Los Angeles as against the present rate of 45½ cents and the gravamen of the complaint lies in the maintenance by the carriers of rates from Bakersfield, Taft and Kerto to Los Angeles, higher than the rates for equidistant hauls from oil shipping territories located at Los Angeles, El Segundo and San Pedro, at Fillmore, Santa Paula and San Francisco Bay points.

Upon all the facts as discussed in this record, we are of the opinion and find that the rates on petroleum and petroleum products, including gasoline and liquefied gas, as described in the Western Classification, from Bakersfield, Taft and Kerto to Los Angeles are unjust, unreasonable and unduly preferential to the extent they exceed a rate of 38½ cents from Bakersfield to Los Angeles, and a rate of 41½ cents from Taft and Kerto to Los Angeles.

The rates herein found just and reasonable to Los Angeles will result in violations of section 21, article XII, of the constitution of the State of California and of section 24 of the Public Utilities Act when movement of the tonnage is via the Santa Fe. The Santa Fe has expressed a willingness to establish the same rates via its long line through Barstow to Los Angeles as those published via the short line of the Southern Pacific. Authority is hereby granted to The Atchison, Topeka and Santa Fe Railway Company to maintain a rate of 38½ cents from Bakersfield to Los Angeles, and a rate of 41½ cents from Kerto and Taft to Los Angeles, restricted to apply from and to the points named only.

The complainant seeks reparation on all shipments moving from Bakersfield, Kerto and Taft to Los Angeles subsequent to the fifteenth day of May, 1921. On this record we do not find that the rates were excessive prior to July 1, 1922, and no reparation will be awarded on shipments moving previous to that date.

We further find that subsequent to July 1, 1922, the Richfield Oil Company made certain shipments of petroleum products, including gasoline and liquefied petroleum gas from Bakersfield, Kerto and Taft to Los Angeles; that they have been damaged to the amount of the difference between the charges paid and those that would have accrued at the rates herein found reasonable and are entitled to reparation with

interest. The complainant should submit statements of the shipments to the defendants for check. Should it not be possible to reach an agreement as to the amount of reparation due, the matter may be referred to this Commission for further attention and the entry of a supplemental order, should such be necessary. Details of shipments made subsequent to the filing of the complaint and to the hearing herein may be included in the reparation statement, if accompanied by appropriate proof, in the form of an affidavit, that the shipments were made and the freight charges thereon were paid and borne by the complainant.

ORDER.

This case being at issue upon complaint and answer on file having been duly heard and submitted by the parties, full investigation of the matters and things involved having been had, and basing this order on the findings of fact and the conclusions contained in the opinion, which said opinion is hereby referred to and made a part hereof;

It is hereby ordered, that the above named defendants, according as they participated in the transportation, be and they are hereby notified and required to establish on or before twenty (20) days from the date of this order, upon notice to this Commission and the general public, by not less than five (5) days filing and posting in the manner prescribed in section 14 of the Public Utilities Act, and thereafter to maintain and apply to the transportation of petroleum products, including gasoline and liquefied petroleum gas, carloads, from Bakersfield to Los Angeles, a rate of $38\frac{1}{2}$ cents per 100 pounds, and from Kerto and Taft to Los Angeles, a rate of $41\frac{1}{2}$ cents per 100 pounds.

It is hereby further ordered, that said defendants, according as they participate in the transportation, be and they are hereby required to refund with interest, to the Richfield Oil Company, all charges that may have been collected since July 1, 1922, in excess of rates herein found to be just and reasonable for the transportation of petroleum products, including gasoline and liquefied petroleum gas, from Bakersfield, Taft and Kerto to Los Angeles.

Dated at San Francisco, California, this second day of April, 1924.

DECISION No. 13358.

RICHFIELD OIL COMPANY, A CORPORATION,

vs.

SUNSET RAILWAY COMPANY, A CORPORATION, SOUTHERN PACIFIC COMPANY, A CORPORATION, THE ATCHISON, TOPEKA AND SANTA FE RAILWAY COMPANY, A CORPORATION.

Case No. 1914.

Decided April 2, 1924.

RATES—STEAM RAILROAD—PETROLEUM AND PETROLEUM PRODUCTS.—Rates from Bakersfield to Hanford, Fresno, Sacramento, Marysville, Chico, San Jose and San Diego, and from Kerto and Taft to San Diego, are found not unreasonable or prejudicial.

Other rates assailed found unreasonable and prejudicial to Bakersfield, Kerto and Taft, and unduly preferential to the San Diego and Los Angeles points to the extent that they exceed rates herein ordered established.

Carmichael-Skidmore Corporation, B. H. Carmichael, H. W. Glensor and F. W. Turcotte, for Complainant.

E. W. Camp, Elmer Westlake, A. A. Johnson and B. Levy, for the Defendants.

BY THE COMMISSION.

OPINION.

Complainant is a corporation engaged in the oil business, with headquarters in Los Angeles.

It is alleged, by complaint filed May 21, 1923, and amended August 30, 1923, that the defendants' carload rates on petroleum products, including gasoline and liquefied petroleum gas, from Bakersfield, Kerto and Taft to Redding, Red Bluff, Willows, Colusa, Chico, Marysville, Oroville, Woodland, Sacramento, Placerville, Santa Rosa, San Jose, Lancaster, San Luis Obispo, Santa Barbara, Ventura, Santa Ana, San Diego, San Bernardino, Redlands, Calexico, Johannesburg, Visalia, Tulare, Hanford, Fresno, Merced, Modesto and Stockton, points located on The Atchison, Topeka and Santa Fe Railway, hereinafter referred to as the Santa Fe, and on the lines of the Southern Pacific Company, hereinafter referred to as the Southern Pacific, are unjust, unreasonable, discriminatory and prejudicial to the complainant and in violation of the Public Utilities Act.

Rates for the future only are sought.

Rates will be stated in cents per 100 pounds.

Bakersfield is a point on the main line of the Santa Fe and Southern Pacific, 300 miles south of San Francisco.

Kerto and Taft are points on the Sunset Railway, a line owned jointly by the Santa Fe and Southern Pacific, extending in a westerly direction from Bakersfield; Kerto being 39.7 miles and Taft 46.2 miles from Bakersfield.

Complainant operates a refinery at Los Angeles and one at Bakersfield and contemplates the erection of a plant at Kerto. The capacity of the Bakersfield plant is 6500 barrels of crude oil per day and the capacity of the Los Angeles plant 3000 barrels per day. The Bakersfield plant is operating at 15 per cent of capacity and the Los Angeles plant at from 65 to 75 per cent of capacity. The contemplated plant at Kerto is being planned to have a capacity of from 7500 to 10,000 barrels of crude oil per day which will, when refined, turn out about 2000 barrels per day of gasoline. The plant at Kerto is to be erected to eliminate the freight charges on the haul of the raw product from the fields to the refinery at Bakersfield, the oil being piped from the

fields to Kerto for refining. Upon completion of the plant at Kerto the one at Bakersfield will be dismantled. This Kerto gasoline the complainant contemplates shipping to points here in question and to other points where rates will permit.

The Bakersfield plant is in competition with refineries located at Seguro, Maltha and other plants in the Kern River district, as well as with refineries located in the San Francisco Bay and Los Angeles districts.

The issues involved in this proceeding embrace the same principles as those included in Cases Nos. 1913 and 1915, decided with this case. By stipulation, the testimony and exhibits in all three cases were to be used whenever relevant in any of the cases and, therefore, it will be unnecessary to repeat in this decision the details as to the claimed relationship between petroleum crude oil and gasoline, or the history of the origin of the crude oil rates.

Complainant refers to the fact that the loss and damage claims are relatively unimportant and that much of the tonnage is hauled in cars furnished by them.

Petroleum and its products, in carloads, are rated fifth class in the Western Classification but, generally, through commodity rates are published for long-haul traffic and the rates between the points in controversy are mostly commodity rates.

The principal rate comparisons submitted by the complainant are set forth below:

From	To	Miles	Rate	Per ton per mile based on actual mileage Cents
Seguro.....	Tulare.....	61	18½	6.06
Seguro.....	Visalia.....	79	24½	6.09
San Pedro.....	Colton.....	81	22½	5.55
Fillmore.....	Jalama.....	94	24	5.10
San Francisco.....	Patterson.....	96	20	4.16
San Francisco.....	Newman.....	108	26½	3.98
San Francisco.....	Merced.....	139	29	4.17
Fillmore.....	Beaumont.....	136	39½	5.80
San Francisco.....	Berenda.....	165	34	4.12
San Francisco.....	Helm.....	188	36½	3.88
San Francisco.....	Sanger.....	208	40	3.84
San Francisco.....	Visalia.....	235	47	4.00
Richmond.....	Famoso.....	278	50	3.59
Seguro.....	Santa Rosa.....	347	65½	3.77
Coalinga.....	Red Bluff.....	384	71	3.69
Seguro.....	Red Bluff.....	405	72	3.55
Seguro.....	Redding.....	440	75½	3.43

The Johannesburg situation is illustrated by the following table:

	Miles	Rate, cents
Fillmore to Johannesburg.....	258	0.59
Los Angeles to Johannesburg.....	203	0.51
Bakersfield to Johannesburg.....	137	0.51
Kerto to Johannesburg.....	177	0.64

There was testimony to the effect that because of these rates from Bakersfield and Kerto more gasoline was moved to Johannesburg by complainant's own motor truck than was forwarded by rail.

On brief, complainant contends that the rate adjustments are unduly preferential to the competing companies, but no such allegation is contained in the complaint.

Shown below are rates cited by the defendants:

From	To	Miles	Rate	Per ton per mile based on actual mileage Cents
Coalinga.....	Tulare.....	67	27½	8.21
Richmond.....	Manteca.....	82	16	3.90
Coalinga.....	Dinuba.....	96	27½	5.73
Richmond.....	Turlock.....	111	24½	4.41
Coalinga.....	Bakersfield.....	159	33½	5.19
Richmond.....	Madera.....	169	35½	4.2
Coalinga.....	Lodi.....	219	60	4.56
Richmond.....	Tulare.....	235	47	4.0
Richmond.....	Callente.....	320.4	53½	3.34
Oleum.....	Callente.....	309	53½	3.46
Martinez.....	Callente.....	296.7	53½	3.61
Avon.....	Callente.....	297.3	53½	3.6
Average.....		305.9	53½	3.5
Richmond.....	Montague.....	334.2	62½	3.74
Oleum.....	Montague.....	322.8	62½	3.87
Martinez.....	Montague.....	321.7	62½	3.89
Avon.....	Montague.....	325.1	62½	3.84
Average.....		325.9	62½	3.84
Los Angeles.....	Kingman, Arizona.....	371	86	4.63
Bakersfield.....	Phoenix, Arizona.....	489	98½	4.40
Seguro.....	Tehama.....	393	72	3.66
Oleum.....	Ludlow.....	485.2	74½	3.07
Martinez.....	Ludlow.....	476.9	74½	3.12
Avon.....	Ludlow.....	473.5	74½	3.15
Average.....		478.5	74½	3.11

It is carriers' contention that the fifth class is the reasonable rate to apply on gasoline and any commodity rate less than fifth is less than reasonable. The reasonableness of commodity rates, however, can not be gauged exclusively by the classification, for such rates are established for the express purpose of securing traffic which would not otherwise move.

"Throughout the proceeding the defendants have sought to impress upon us the idea that class rates are the 'normal' rates for practically all freight, and that ordinarily a commodity rate lower than the class rate which would otherwise apply is 'unreasonably low' or 'subnormal.' We can not accept their views in this matter." 48, I. C. C. 739-742.

The rates from San Francisco Bay, Fillmore and the Los Angeles producing territories are considerably lower than from Bakersfield-

Kerto for equal distances, and while such rates can not be the measure of the volume of the rates from the Bakersfield-Kerto territory, nevertheless they must be given consideration in determining the reasonable and nondiscriminatory rates to the competitive points. From the Los Angeles and San Francisco Bay producing territories the rates have generally been blanketed for distances of approximately twenty miles on both short and long haul traffic, while the rates from the Bakersfield-Kerto territories have not been so blanketed. The reason for this does not appear in the record.

Illustrative of this situation are the following:

From	To	Miles	Distance in blanket	Rate	Difference in rate
Kerto.....	Tulare.....	103		32	
Bakersfield.....		63	40	21½	10½
Kerto.....	Modesto.....	240		56	
Bakersfield.....		200	40	45½	10½
Kerto.....	Oroville.....	390		77½	
Bakersfield.....		350	40	69½	8
Richmond.....	Tracy.....	67		10½	
Avon.....		44	23	10½	
Los Angeles.....	Riverside.....	65		22½	
Wilmington.....		89		22½	
El Segundo.....		82	21	22½	
Richmond.....	Fresno.....	191		38½	
Avon.....		168	23	38½	
Los Angeles.....	Brawley.....	204		54	
Wilmington.....		225		54	
El Segundo.....		*221	21	*54	
Richmond.....	Dorris.....	371		65½	
Avon.....		361	10	65½	

*Via Santa Fe and Southern Pacific.

The statement set forth below is representative of the exhibits and presents another illustration of the present rate adjustment:

To	From Bakersfield		From Kerto		From San Francisco Bay territory		From Wilmington, Los Angeles	
	Miles	Rate	Miles	Rate	Average miles	Rate	Average miles	Rate
Tulare.....	63	21½	103	32				
Tracy.....					55	10½		
Colton.....							68	22½
Newman.....					95	21½		
Merced.....	162	41	202	51½	126	29		
Helm.....					176	36½		
Fresno.....					178	38½		
Modesto.....	200	45½	240	56				
Goshen Junction.....					216	44½		
Dunsmuir.....					273	58		
El Centro.....							228	60½
Woodland.....	300	61	310	63				
Callente.....					306	53½		
Bakersfield.....					290	52		
Redding.....	442	81½	482	84			*611	*75½
Elko, Nevada.....	{				‡527	‡70		
					‡468	‡70		

*From Los Angeles.

†Applies from Sacramento via Western Pacific.

‡Applies from Sacramento via Southern Pacific.

In promulgating tariffs the carriers may, within proper limits, make rates lower for a longer than a shorter distance to meet water carrier and pipe line competition. But in meeting this competition there can be no justification in rates to the large common consuming markets which, in effect, prevents the producing territory at intermediate short-haul points from doing business at the same controlling consuming points. All things being equal, the short-haul producing points are entitled to the benefits and advantages of their locations, but the carriers may establish reasonable compensatory rates to attract some of the long-haul traffic. This doctrine applies with particular force to petroleum oil and its products.

At the adjourned hearing, October 15, 1923, defendants presented, as their Exhibit No. 11, a statement showing reductions in the petroleum products rates from Kerto and Taft to the destination points involved in the instant proceeding. These rates were published in Pacific Freight Tariff Bureau Joint Freight Tariff 167-A, C. R. C. No. 309, issued October 10, 1923, and became effective November 25, 1923. The reductions therein voluntarily made approximate 10 per cent.

It is urged by the defendants that competition from pipe lines and water carriers is a material factor to which they gave consideration in establishing the rail rates on petroleum and its products to and from the Los Angeles and San Francisco territories. It is noted from a

study of the gasoline rates that there is a lower rate per ton per mile runout of rates into the San Joaquin and Sacramento valleys from the San Francisco Bay region refineries, who receive their crude products by pipe line, than are in effect from the refineries of the complainant located in the San Joaquin Valley to the same destination points. There is also the same adjustment of rates from the other Bakersfield territory plants located at Seguro and Maltha, which latter refineries are owned by the large oil companies operating refineries in the San Francisco Bay and Los Angeles territories, and which are in competition with this complainant.

The refineries at Seguro and Maltha have made no complaint against the rates but the complainant, in its brief, stresses the point that it is perfectly logical they should not desire the same adjustment of rates from the Bakersfield territory to points in the Sacramento Valley and the northern end of the San Joaquin Valley, because that territory can be served at the low rates in effect from the San Francisco Bay or southern California points.

From the record it is clear that particular points in northern and southern California have depressed rail rates, due to their location upon or near the ports or to the transportation of oil in connection with pipe lines.

The Bakersfield oil fields are at a disadvantage in location, being 229 miles from the water competition at Stockton, 302 miles from San Francisco and 169 miles from Los Angeles, hence they have not the rate-compelling advantages of the port oil producing and refining points.

Rail carriers have in effect a nonintermediate rate on petroleum and petroleum products from Los Angeles to San Francisco of 36 cents, which rate is authorized by this Commission by reason of the water competition. The present rate, according to tariffs on file with this Commission, via water carriers between Los Angeles and San Francisco is $22\frac{1}{2}$ cents and the water carrier rate from San Francisco to Sacramento and Stockton is approximately $11\frac{1}{2}$ cents which when added to the San Francisco-Los Angeles rate, plus incidental charges, makes a total to Sacramento or Stockton of about 36 cents. The nonintermediate rate has been blanketed over a large territory in the San Francisco Bay and river regions, where actual or potential water competition is claimed to exist. The record before us is not sufficient and we are not now passing upon the merits of this present adjustment.

Commercial conditions are one of the controlling factors in the making of rates, but except under particular circumstances it may not be employed to place producers on an equality in the markets having natural geographical advantages. Transportation charges, under all

conditions, must be reasonably compensatory and not unlawfully discriminatory or preferential. No effort was made to prove the rates either reasonable or unreasonable *per se*; the issues were tried entirely upon the principle of discrimination.

The Southern Pacific is the short line carrier between Bakersfield and many points in southern California and, therefore, certain rates via the circuitous route of the Santa Fe will result in violations of section 21, article XII, of the constitution of the state, and section 24 of the Public Utilities Act. Should the Santa Fe elect to establish the rates, ordered into effect in this decision, applying via the short line of the Southern Pacific and not to make such rates applicable at intermediate points, proper application may be filed for authority to publish the violations.

Upon consideration of all the facts of record, we are of the opinion and find that the rates on petroleum and petroleum products, including gasoline and liquefied petroleum gas, from Bakersfield to Hanford, Fresno, Sacramento, Marysville, Chico, San Jose and San Diego, and from Kerto and Taft to San Diego, are not unreasonable, discriminatory or prejudicial.

We further find that the other rates assailed are unreasonable, discriminatory and unjustly prejudicial to Bakersfield, Kerto and Taft and unduly preferential to the San Francisco and Los Angeles points to the extent they exceed the rates set forth in the following schedules, which rates are found to be reasonable, nondiscriminatory and non-preferential:

To	From		To	From	
	Bakersfield	Kerto and Taft		Bakersfield	Kerto and Taft
Tulare -----	18½	23½	Santa Rosa -----	65½	67½
Visalia -----	24½	29½	San Jose -----		54
Hanford -----		29½	Johannesburg -----	38½	41½
Fresno -----		33	Lancaster -----	34	39
Merced -----	36	39	Ventura -----	43	46
Modesto -----	40	43	Santa Barbara -----	48½	51½
Stockton -----	45	47½	San Luis Obispo -----	67½	69½
Placerville -----	61	63	Santa Ana -----	45	48
Sacramento -----		54	San Bernardino -----	60	52½
Woodland -----	55½	55½	Redlands -----	51	53½
Colusa -----	64	64	Oaxleyco -----	80	80
Willows -----	67½	67½			
Marysville -----		61			
Oroville -----	66	66			
Chico -----		69½			
Red Bluff -----	72	72			
Redding -----	75½	75½			

ORDER.

This case being at issue upon complaint and answer filed, having been duly heard and submitted by the parties, a full investigation of the matter and things involved having been had, the Commission being

fully advised in the premises and basing this order on the findings of fact contained in the opinion which precedes this order;

It is hereby ordered, that the above named defendants, according as they participate in the transportation, be and they are hereby notified and required to cease and desist on or before thirty (30) days from the date of this order and thereafter abstain from applying to the transportation of petroleum and petroleum products, including gasoline and liquefied petroleum gas, in carloads, from the points named in the following paragraphs, any rates in excess of those therein prescribed.

It is hereby further ordered, that said defendants, according as they participate in the transportation, be and they are hereby notified and required to establish, on or before thirty (30) days from the date of this order, upon notice to this Commission and the general public of not less than five (5) days filing and posting in the manner prescribed in section 14 of the Public Utilities Act and thereafter to maintain and apply to the transportation of petroleum and petroleum products, including gasoline and liquefied petroleum gas, in carloads, rates not in excess of the following, in cents per 100 pounds:

To	From		To	From	
	Bakersfield	Kerto and Taft		Bakersfield	Kerto and Taft
Tulare -----	18½	23½	Santa Rosa -----	65½	67½
Visalia -----	24½	29½	San Jose -----		54
Hanford -----		29½	Johannesburg -----	38½	41½
Fresno -----		33	Lancaster -----	34	39
Merced -----	36	39	Ventura -----	43	46
Modesto -----	40	43	Santa Barbara -----	48½	51½
Stockton -----	45	47½	San Luis Obispo-----	67½	69½
Placerville -----	61	63	Santa Ana -----	45	48
Sacramento -----		54	San Bernardino ----	50	52½
Woodland -----	55½	55½	Redlands -----	51	53½
Colusa -----	61	64	Calexico -----	80	80
Willows -----	67½	67½			
Marysville -----		61			
Oroville -----	66	66			
Chico -----		69½			
Red Bluff -----	72	72			
Redding -----	75½	75½			

Dated at San Francisco, California, this second day of April, 1924.

DECISION No. 13359.

RICHFIELD OIL COMPANY, A CORPORATION,

vs.

SUNSET RAILWAY COMPANY, A CORPORATION.

Case No. 1915.

Decided April 2, 1924.

RATES—STEAM RAILROAD—PETROLEUM AND PETROLEUM PRODUCTS.—Rates complained of found not unreasonable or otherwise unlawful. Complaint dismissed.

Carmichael-Skidmore Corporation, B. H. Carmichael, H. W. Glensor and F. W. Turcotte, for Complainant.

E. W. Camp, Elmer Westlake, A. A. Johnson and B. Lery, for Defendant.

BY THE COMMISSION.

OPINION.

The complainant is a corporation duly organized under the laws of the State of California, with headquarters in the city of Los Angeles, and is engaged in the business of producing, refining and selling petroleum products, including gasoline and liquefied petroleum gas.

It is alleged by this complaint, filed May 21, 1923, that the rates charged by the defendant for the transportation of carload shipments of petroleum products, including gasoline and liquefied petroleum gas, from Kerto, Taft, Fellows and Shale to Bakersfield are excessive, unjust and unreasonable in violation of section 13 of the Public Utilities Act, and discriminatory and prejudicial in violation of section 19 of the Public Utilities Act.

We are asked to prescribe just and reasonable rates for the future and to award reparation.

At the hearing, complainant abandoned its request for rates from Fellows and Shale.

Kerto and Taft are points located on the Sunset Railway, a line owned jointly by The Atchison, Topeka and Santa Fe Railway Company and the Southern Pacific Company, and extend in a westerly direction from Bakersfield. Kerto is 39.7 miles and Taft 46.2 miles from Bakersfield.

Complainant operates refineries at Los Angeles and Bakersfield and contemplates the erection of a refining plant at Kerto. The details of the operation of the plants at Los Angeles and Bakersfield and the proposed one at Kerto are dealt with in our decision in connection with Case No. 1913. Both cases were heard together and the facts in each being similar, will not be repeated here.

Complainant shipped 123 carloads of gasoline from Kerto and Taft to Bakersfield during the period, May 15, 1921, to May 15, 1923, or an average of five carloads per month.

There are no commodity rates in effect and the charges are on the basis of the prevailing fifth class rate, which at the present time is 13 cents from Kerto and 16 cents from Taft.

The statement set forth below carries the rates in effect on gasoline and petroleum crude oil prior to the war increases and the changes made to the present time:

To Bakersfield from—	Miles	Prior to June 25, 1918	June 25, 1918	Aug. 9, 1918	Aug. 26, 1918	July 1, 1922
Kerto -----	39.7	*9¢ †37¢	11½¢ 46½¢	----- \$1.30	\$0.14½ 1.62½	\$0.13 1.46½
Taft -----	46.2	*11¢ †45¢	14¢ 56½¢	----- 1.40	0.17½ 1.75	0.18 1.57½

*Gasoline and liquefied petroleum gas per 100 pounds.

†Petroleum crude oil, fuel oil petroleum gas oil, per ton.

In the adjustments made during this period, the rate on gasoline from Kerto was increased from 9 cents to 13 cents, and from Taft from 11 cents to 16 cents, or by approximately 50 per cent. The crude oil rate from Kerto was increased from 37 cents to \$1.46½ and from Taft from 45 cents to \$1.57½. This Commission, however, by its Decision No. 12464, August 7, 1923, reduced the crude oil rates to \$1 per ton from both Kerto and Taft, which leaves the percentage increase at Kerto 170 per cent higher and at Taft 125 per cent higher than the prewar rates. By this comparison it will be noted that the present rates for gasoline bear a much lower percentage increase than do the present rates on crude oil between the same points.

Complainant presented several exhibits showing the rates on petroleum products between points within the State of California, in the vicinity of Los Angeles and in the San Francisco Bay regions, where entirely different conditions prevail, and endeavored to show by these exhibits that the commodity rates there in effect lower than the existing fifth class rates resulted in a discrimination, by reason of the fifth class rates being used in the Bakersfield territory. The existence of lower rates between other points differently located, do not furnish sufficient justification to warrant a finding of unreasonableness in the absence of supporting facts.

There was no presentation made of the rates applied in the Bakersfield territory from the refineries at Seguro and at Maltha, which are in competition with the gasoline shipped and sold by this complainant. Our check of the rates would indicate that to most of the gasoline consuming points in the Bakersfield territory, fifth class rates are assessed from the competing plants the same as from Kerto and Taft, against which rates this complaint is directed.

Defendant introduced a number of exhibits to show that the fifth class rates assessed in the Bakersfield territory are not excessive or unreasonable when compared with other rates between points in California similarly located. Exhibits were also introduced showing that

the rates here under attack are lower than rates for equidistant hauls between points in nearby states.

From this record it does not appear that the rates under attack are intrinsically unreasonable. The complaint has not shown unjust discrimination or undue prejudice, and nothing was introduced into the record which would justify a finding that the rates *per se* are unreasonable.

Upon this record we must find that the rates assailed are not unreasonable or otherwise unlawful.

The complaint will be dismissed.

ORDER.

This case being at issue upon complaint and answer on file, having been duly submitted by the parties, full investigation of the matters and things involved having been had, and the Commission having been fully advised in the premises, and basing its order on the findings of fact contained in the opinion which precedes this order;

It is hereby ordered, that the complaint in this proceeding be and it is hereby dismissed.

Dated at San Francisco, California, this second day of April, 1924.

DECISION No. 13361.

IN THE MATTER OF THE APPLICATION OF HUGH GOODFELLOW, WARREN OLNEY, AND W. I. BROBECK, AS TRUSTEES, AND KEY SYSTEM TRANSIT COMPANY, A CORPORATION, EAST OAKLAND RAILWAY COMPANY, A CORPORATION, OAKLAND AND HAYWARDS RAILROAD, A CORPORATION, AND KEY SYSTEM SECURITIES COMPANY, A CORPORATION, TO TRANSFER AND ACQUIRE THE PROPERTY FORMERLY BELONGING TO SAN FRANCISCO-OAKLAND TERMINAL RAILWAYS, A CORPORATION, AND TO ISSUE SECURITIES.

- Application No. 9367.

Decided April 2, 1924.

BY THE COMMISSION.

THIRD SUPPLEMENTAL ORDER.

The Railroad Commission by Decision No. 12931, dated December 14, 1923, authorized the Key System Transit Company to issue \$8,951,010.08 of general and refunding mortgage fifteen-year bonds subject, among other things, to the condition that none of the bonds be issued until the Commission by a supplemental order has authorized the Key System Transit Company to execute a mortgage or deed of trust securing the payment of such bonds.

On March 21st the Key System Transit Company filed a supplemental petition in the above entitled matter asking permission to execute a deed of trust to secure the payment of its general and refunding mortgage bonds and to issue \$8,951,000 of such bonds for the purposes indicated in the Commission's Decision No. 12931, dated December 14, 1923.

The proposed deed of trust will secure an authorized issue of \$20,000,000 of bonds. Of the authorized bonds, \$10,000,000 will be reserved for the purpose of refunding \$10,000,000 of first mortgage bonds. Of the \$8,951,000 of general and refunding mortgage bonds which the company now asks permission to issue \$1,365,800 will bear interest at the rate of 6 per cent per annum and \$7,585,200 at the rate of 5 per cent per annum. The Commission has been advised by counsel for the company that the deed of trust securing the payment of the general and refunding mortgage bonds will be a lien on all properties of the company, except the securities which are subject to the lien of the deed of trust securing the payment of the first mortgage bonds. A description of the properties has heretofore been filed in connection with the company's proposed deed of trust securing the payment of its first mortgage bonds. This order will require the company to file, as soon as executed, a certified copy of the deed of trust securing the payment of the general and refunding mortgage bonds.

The Commission has considered the request of the Key System Transit Company and is of the opinion that such request should be granted as herein provided; therefore,

It is hereby ordered, that Key System Transit Company be and it is hereby authorized to execute a deed of trust substantially in the same form as the deed of trust filed with this Commission on March 21, 1924, for the purpose of securing the payment of its general and refunding mortgage bonds, provided that the authority herein granted to execute a deed of trust is for the purpose of this proceeding only and is granted in so far as this Commission has jurisdiction under the terms of the Public Utilities Act, and is not intended as an approval of said deed of trust as to such other legal requirements to which said deed of trust may be subject; provided, further, that as soon as executed Key System Transit Company file with the Commission a certified copy of the deed of trust securing the payment of its general and refunding mortgage bonds.

It is hereby further ordered, that the order in Decision No. 12931, dated December 14, 1923, as amended, shall remain in full force and effect except as modified by this third supplemental order.

Dated at San Francisco, California, this second day of April, 1924,

DECISION No. 13369.

IN THE MATTER OF THE APPLICATION OF THE PACIFIC TELEPHONE AND TELEGRAPH COMPANY, A CORPORATION, FOR AN ORDER AUTHORIZING THE ISSUANCE OF PREFERRED STOCK OF THE PAR VALUE OF TWENTY-FIVE MILLION DOLLARS.

Application No. 9863.

Decided April 2, 1924.

Pillsbury, Madison and Sutro, by *H. D. Pillsbury*, for Applicant.

BY THE COMMISSION.

OPINION.

In this application The Pacific Telephone and Telegraph Company asks permission to issue and sell at \$87.50 per share 250,000 shares of its 6 per cent preferred capital stock of the aggregate par value of \$25,000,000 and to use the proceeds to reimburse its treasury for amounts paid into the sinking funds of its several bond issues and for its uncapitalized expenditures for fixed capital and investment accounts since October 31, 1922.

The Pacific Telephone and Telegraph Company owns and operates directly or through subsidiary corporations, a general telephone system in the states of California, Nevada, Oregon, Washington and Idaho. The system is composed of local and long distance telephone lines and exchanges and the buildings, rights of way, franchises and equipment therefor. The company reports that it has an authorized capital stock of \$100,000,000 divided into \$18,000,000 of common stock and \$82,000,000 of 6 per cent preferred stock. As of December 31, 1923, the company reports all of the common stock and \$57,000,000 of the preferred stock outstanding. As of the same date it reports \$62,152,200 of bonds outstanding. Its bonded debt consists of \$31,247,000 of first mortgage collateral trust 5 per cent bonds due January 2, 1937; \$6,314,000 of first mortgage bonds of the Home Long Distance Telephone and Telegraph Company due January 2, 1932; \$24,591,200 of refunding mortgage 5 per cent bonds due May 1, 1952.

In addition to its outstanding bonded indebtedness the company reports as of December 31, 1923, advances from system corporations aggregating \$31,425,000, notes payable of \$10,000, accounts payable of \$3,382,516.84 and accrued liabilities not due of \$2,708,395.51. The company reports its revenues and expenses for the years ending December 31st as follows:

		1922	1923
I. Income Account:			
Telephone operating revenues	-----	\$36 512,530 98	\$40,072,225 97
Telephone operating expenses	-----	25,932,735 92	28,183,524 94
Net telephone operating revenues	-----	\$10,579,795 06	\$11,888,701 03
Less—			
Taxes assignable to operations	-----	\$2,550,581 94	\$2,864,226 42
Uncollectible operating revenue	-----	151,100 00	16,100 00
Deductions from net operating revenue	-----	\$2,701,681 94	\$3,080,326 42
Operating income	-----	\$7,878,113 12	\$8,858,374 61
II. Nonoperating Revenues:			
Rent	-----	\$20,798 99	\$14,070 37
Dividend revenues	-----	19,838 40	254,228 40
Interest revenues	-----	1,750,905 08	2,408,277 15
Miscellaneous	-----	1,517 25	-----
Total nonoperating revenues	-----	\$1,793,119 72	\$2,676,575 92
III. Nonoperative Revenue Deductions:			
Rent expenses	-----	\$2,840 00	\$1,015 00
Nonoperating taxes	-----	2,354 56	1,583 88
Uncollectible nonoperating revenues	-----	288 32	849,880 25
Totals	-----	\$5,482 88	\$852,509 13
Nonoperating income	-----	\$1,787,636 84	\$1,824,066 79
Gross income	-----	\$9,665,749 96	\$10,682,441 40
IV. Deductions from Gross Income:			
Rent	-----	\$372,166 99	\$439,912 35
Interest on funded debt	-----	2,712,894 31	3,126,511 83
Other interest	-----	735,311 18	920,471 20
Amortization of debt discount and expense	-----	142,977 55	166,985 79
Amortization of landed capital	-----	22,325 00	24,150 00
Miscellaneous deductions	-----	31,544 70	36,711 56
Total deductions	-----	\$4,017,219 73	\$4,714,743 13
Net income	-----	\$5,648,530 23	\$5,967,698 27
Dividends paid	-----	2,670,000 00	3,420,000 00
Carried to surplus	-----	\$2,978,530 23	\$2,547,698 27

The operating expenses for 1922 include \$5,665,650 for depreciation of plant and equipment, and those for 1923 the sum of \$6,228,500. During both 1922 and 1923 the company paid 6 per cent dividends on its outstanding preferred stock. The increase in the amount of dividends paid is caused by the issue of additional preferred stock. The company paid no dividends on its common stock.

In its Exhibit "A" applicant reports the increase in fixed capital accounts from October 31, 1922, to December 31, 1923, at \$21,115,323.29. This amount is made up as follows:

Intangible capital	-----	\$325 00
Right of way	-----	66,252 11
Land and buildings	-----	1,507,147 64
Central office equipment	-----	7,576,295 63
Station equipment	-----	2,330,510 75
Exchange lines	-----	4,448,047 12
Toll lines	-----	3,871,431 28
Other plant	-----	507,262 39
General equipment	-----	808,051 37
Total	-----	\$21,115,323 29

The net increase of other asset accounts is reported at \$17,272,500.37, most of which represents directly or indirectly advances to system corporations. Exhibit "A" also shows that applicant has from October 31, 1922, to December 31, 1923, decreased its funded debt by the sum of \$1,045,800.

On December 31, 1923, applicant had \$31,435,000 of 6 per cent notes outstanding. These notes were payable to the following corporations or persons:

American Telephone and Telegraph Company-----	\$31,400,000 00
The Home Telephone and Telegraph Company of Spokane-----	25,000 00
W. W. Eden and L. B. Eden-----	10,000 00
Total -----	\$31,435,000 00

The remainder of the money necessary to finance the above construction expenditures, advances, and purchase of bonds is represented by accounts payable, or earnings invested.

Applicant asks permission to use the proceeds from the sale of the \$25,000,000 of stock it is now proposed to issue to reimburse its treasury to the extent that such proceeds are sufficient for amounts paid into its various sinking funds and for its uncapitalized expenditure for fixed capital and investment accounts prior to December 31, 1923. It is of record, however, that the company intends to use the proceeds from the sale of its stock to liquidate its outstanding indebtedness which was incurred to acquire the properties to which reference has been made.

ORDER.

The Pacific Telephone and Telegraph Company having applied to the Railroad Commission for permission to issue and sell \$25,000,000 of its 6 per cent cumulative preferred stock, a public hearing having been held before Examiner Fankhauser and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for by such issue is reasonably required for the purposes specified herein and that the expenditures for such purposes are not in whole or in part reasonably chargeable to operating expense or to income;

It is hereby ordered, that The Pacific Telephone and Telegraph Company be and it is hereby authorized to issue and sell at not less than \$87.50 per share 250,000 shares of its 6 per cent cumulative preferred stock of the aggregate par value of \$25,000,000 and to use the proceeds to pay in part the outstanding indebtedness to which reference is made in the foregoing opinion and through the payment of such indebtedness to finance in part the cost of the additions and betterments and of the investments acquired prior to December 31, 1923.

The authority herein granted is subject to further conditions, as follows:

1. The Pacific Telephone and Telegraph Company shall keep such record of the issue and sale of the stock herein authorized and of the disposition of the proceeds as will enable it to file on or before the twenty-fifth day of each month a verified report, as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

2. The authority herein granted to issue stock will become effective upon the date hereof. No stock may be issued after October 1, 1924.

Dated at San Francisco, California, this second day of April, 1924.

DECISION No. 13370.

IN THE MATTER OF THE APPLICATION OF SAN DIEGO CONSOLIDATED GAS AND ELECTRIC COMPANY, A CORPORATION, FOR AN ORDER AUTHORIZING THE ISSUE AND SALE OF ITS PREFERRED STOCK OF THE PAR VALUE OF FIVE HUNDRED THOUSAND DOLLARS.

Application No. 9888.

Decided April 2, 1924.

Chickering and Gregory, by Allen L. Chickering, for Applicant.

BY THE COMMISSION.

OPINION.

In this application, San Diego Consolidated Gas and Electric Company asks permission to issue and sell at par \$500,000 of its 7 per cent cumulative preferred stock for the purposes to which reference is made in this decision.

San Diego Consolidated Gas and Electric Company has an authorized capital stock of \$20,000,000, divided into \$10,000,000 of common and \$10,000,000 of 7 per cent cumulative preferred stock. As of January 31, 1924, the company reports \$3,032,500 of common stock and \$5,508,900 of preferred stock outstanding. As of the same date it reports its bonded indebtedness as \$11,368,000, consisting of \$5,680,000 of first mortgage 5 per cent bonds due 1939; \$2,750,000 of Series "A" first and refunding mortgage 6 per cent bonds, due 1939; \$1,500,000 of Series "B" first and refunding mortgage 5 per cent bonds, due 1947; and \$1,438,000 of Series "C" first and refunding mortgage 6 per cent bonds, due 1947. Other indebtedness as of the same date is reported as \$90,200 of notes payable; \$172,886.92 of accounts payable and \$13,400.78 due affiliated companies. For the year ending December 31, 1922, and the year ending December 31, 1923, the company reports revenues and expenses as follows:

Item	1922	1923
Operating revenues:		
Electric	\$2,154,126 78	\$2,273,252 36
Gas	1,562,106 39	1,477,735 83
Steam	55,293 45	51,610 89
Totals	\$3,771,526 62	\$3,802,599 08
Operating expenses:		
Electric	\$1,375,335 26	\$1,205,609 67
Gas	1,096,109 24	1,057,725 08
Steam	45,768 89	36,026 01
Totals	\$2,517,213 39	\$2,299,360 76
Net operating revenues:		
Electric	\$778,791 52	\$1,067,642 69
Gas	465,997 15	420,010 75
Steam	9,524 56	15,584 88
Total net operating revenue.....	\$1,254,313 23	\$1,508,238 32
Deduct:		
Bond interest	\$447,079 17	\$555,025 66
Note interest	33,000 00	16,500 00
Other interest (credit)	141,712 54	125,699 50
Amortization of debt discount and expense.....	65,644 37	62,982 14
Depreciation	306,458 99	417,610 82
Total deductions	\$710,469 99	\$926,419 12
Balance available for dividends.....	\$543,843 24	\$576,819 20

The company, heretofore, by Decision No. 13024 made in Application No. 9624, dated January 10, 1924, was authorized to issue and sell \$500,000 of preferred stock to pay in part for construction work during 1924. In that application, which was filed with the Commission on December 19, 1923, the company estimated its construction expenditures during 1924 as \$2,615,000 segregated as follows:

Gas properties:		
Production	\$688,900 00	
Distribution	663,200 00	
Total gas properties.....		\$1,352,100 00
Electric properties:		
Production	\$145,400 00	
Distribution	665,500 00	
Total electric properties.....		\$810,900 00
Steam properties.....		12,000 00
General		440,000 00
Total		\$2,615,000 00

The present application shows that the company expended \$181,944.88 for additions and betterments during January, 1924, which, deducted from the estimate of \$2,615,000, leaves a balance of \$2,433,055.12 for the remaining eleven months of the year. It appears that subsequent

to March 31, 1921, and prior to January 31, 1924, the company's net construction expenditures aggregated \$7,339,538.15, which added to the \$2,433,055.12 results in a total of expenditures, actual or estimated, since March 31, 1921, and up to December 31, 1924, of \$9,772,593.27. From this amount applicant deducts \$90,230.07 representing property retired, \$832,941.45 representing earnings invested in properties, and \$6,965,502 representing proceeds received from the sale of securities heretofore authorized by the Commission, leaving a balance of \$1,883,919.75 which it reports has not been provided for through the issue of stock or bonds.

It is to finance a portion of this reported uncanceled balance of \$1,883,919.75 that applicant now asks permission to issue and sell an additional \$500,000 of stock. While it asks permission to sell its stock at par, it reports that it may be called upon to expend not exceeding 5 per cent of the proceeds to pay commissions and selling expenses.

ORDER.

San Diego Consolidated Gas and Electric Company having applied to the Railroad Commission for permission to issue and sell \$500,000 of its preferred stock, a public hearing having been held before Examiner Fankhauser and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for through the issue of such stock is reasonably required for the purposes specified herein and that the expenditures for such purposes are not in whole or in part reasonably chargeable to operating expense or to income;

It is hereby ordered, that San Diego Consolidated Gas and Electric Company be and it is hereby authorized to issue and sell for cash at not less than par \$500,000 of its 7 per cent cumulative preferred stock.

The authority herein granted is subject to further conditions as follows:

1. Of the proceeds obtained from the sale of the stock herein authorized, applicant may use an amount not exceeding 5 per cent of the par value of stock sold to pay commissions and other expenses incident to the sale of the stock. The remaining proceeds and such portion of the 5 per cent not necessary to pay commissions and selling expenses may be used by applicant to finance in part such cost of extensions, additions and betterments described in this application and referred to in the foregoing opinion, as is properly chargeable to fixed capital accounts under the uniform system of accounts prescribed and adopted by this Commission.

2. San Diego Consolidated Gas and Electric Company shall keep such record of the issue and sale of stock herein authorized and of the disposition of the proceeds as will enable it to file on or before the twenty-fifth day of each month a verified report as required by the

Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

3. The authority herein granted to issue stock will become effective upon the date hereof. None of the stock herein authorized to be issued may be issued after December 15, 1924.

Dated at San Francisco, California, this second day of April, 1924.

DECISION No. 13372.

IN THE MATTER OF THE APPLICATION OF MOTOR TRANSIT COMPANY, A CORPORATION, FOR AN ORDER PERMITTING IT TO ISSUE CERTAIN SHARES OF ITS CORPORATE STOCK.

Application No. 9781.

Decided April 5, 1924.

Herbert W. Kidd, for Applicant.

BY THE COMMISSION.

OPINION.

Motor Transit Company asks permission to issue and sell at 80 per cent of its par value \$187,500 par value of common stock and use the proceeds to acquire additional auto stage equipment.

Applicant has an authorized stock issue of \$1,500,000 of which \$1,084,935 is reported as outstanding. As of December 31, 1923, the company reports \$50,000 of notes and \$94,579.94 of accounts payable. The investment in its plant and equipment is reported at \$1,800,293.71. The equipment operated by applicant is reported to consist of:

1	7-passenger stage	10	14-passenger stages
1	8-passenger stage	10	18-passenger stages
27	11-passenger stages	29	21-passenger stages
		17	25-passenger stages

In addition, the company reports twelve eleven-passenger and two eighteen-passenger combination freight and passenger stages; two freight and express trucks and five service cars. During 1922 the company carried 2,139,449, and during 1923, 2,110,946, passengers. The number of tons of freight carried in 1922 is reported at 2406 and for 1923 at 3748. For 1922 the company reports operating revenues of \$1,461,436.25 and for 1923 operating revenues of \$1,546,020.08. The operating expenses are reported at \$1,469,667.98 for 1922 and at \$1,447,049.06 for 1923. The operating expenses for 1922 include \$450,641.20 for maintenance and \$155,437.29 for depreciation of equipment, while the operating expenses for 1923 include \$403,466.52 for maintenance and \$171,057.39 for depreciation of equipment. F. D. Howell, applicant's vice president, testified in this proceeding, as he did in Application No. 8786, that in his opinion the company was including in its operating expenses too large an allowance for deprecia-

tion. At the hearing had on Application No. 8786 he testified in part as follows:

The company has been carrying depreciation on the basis of 2 per cent a month on equipment or rolling stock, and on investigation for the purpose of this hearing it was found that on that basis cars that were comparatively better than 50 per cent efficient, that were operating every day in the week would be carried on the books as practically out of service, so I had a survey of the equipment made by our shop superintendent and foreman and myself, and we decided that the equipment was actually on an average 75 per cent operating value, and that the depreciation reserve should—the accrued depreciation to date should really equal about 25 per cent of the total value of the equipment rather than the amount set up on our books, so I have assumed for the purpose of this hearing, a depreciation of 25 per cent, and the reserve for depreciation of that same amount equalling \$160,008 depreciation on furniture and fixtures, machinery and tools and so forth, as against some \$350,000 set up on our books at that time. The books have not been altered as yet to meet that condition, but instructions have been given to the auditing department to set up that depreciation as of the first of the year and carry that depreciation from then on on the basis of 1 per cent a month until a further survey can give us more data for an actual depreciation.

If effect were given to the opinion of Mr. Howell the company for 1923 would show a net operating revenue of about \$183,000 instead of \$98,971.02.

It is of record that the company during 1923 will be called upon to expend about \$150,000 for new equipment, such equipment to consist of twelve twenty-five-passenger, two fourteen-passenger and six eighteen-passenger stages. The company will purchase White Motor Company equipment.

Applicant asks permission to sell its stock at a net price of 80 per cent of its par value. The Commission has considered the evidence submitted in regard to this request and believes that such evidence does not justify the Commission to make an order authorizing the sale of the stock at the price requested. The order will permit the issue of the stock at not less than 90 net to applicant.

ORDER.

Motor Transit Company, having applied to the Railroad Commission for permission to issue \$187,500 of its common stock, a public hearing having been held before Examiner Fankhauser and the Commission being of the opinion that the Motor Transit Company should be authorized to issue such stock and that the money, property or labor to be procured or paid for by such issue is reasonably required by applicant;

It is hereby ordered, that Motor Transit Company be and it is hereby authorized to issue and sell at a net price of not less than 90 per cent of par value \$187,500 par value of its common capital stock and use the proceeds to acquire stage and truck equipment referred to in this application.

The authority herein granted is subject to further conditions as follows:

1. Applicant shall file with the Commission monthly statements containing a complete description of all equipment purchased or constructed through the issue and sale of the \$187,500 of stock referred to in this order.

2. Motor Transit Company shall keep such record of the issue, sale and delivery of the stock herein authorized and of the disposition of the proceeds as will enable it to file on or before the twenty-fifth day of each month a verified report as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

3. The authority herein granted will become effective upon the date hereof and will expire on December 1, 1924.

Dated at San Francisco, California, this fifth day of April, 1924.

DECISION No. 13374.

CITY OF BLYTHE, A MUNICIPAL CORPORATION,

vs.

THE SOUTHERN SIERRAS POWER COMPANY.

Case No. 1948.

Decided April 5, 1924.

SERVICE—ELECTRIC UTILITY—IMPROVEMENT ORDERED.—It is found that the present electric generating plant of The Southern Sierras Power Company in the city of Blythe, Riverside County, is inadequate to meet the requirements of its consumers. Defendant ordered to install an additional electric generator of at least 150 kilovolt amperes capacity together with a proper and adequate prime mover, and accessory and auxiliary equipment, and repair present equipment.

Allen H. Barber, City Attorney, for the City of Blythe, Complainant.
E. B. Criddle, for Defendant.

By THE COMMISSION.

OPINION.

This is a complaint of the city of Blythe regarding the poor quality of electric service supplied by The Southern Sierras Power Company in that city. The complaint alleges that the electric generating plant of the defendant is inadequate and unreliable, that service has been interrupted on many occasions and that defendant has failed to serve certain of the inhabitants of the city.

Shortly after the filing of the complaint, an investigation of the entire situation was made by one of the Commission's engineers, and at the hearing held in Blythe before Examiner Williams on January 24, 1924, his report was introduced in evidence, together with the testimony of representatives of The Southern Sierras Power Company and of the city of Blythe. Since this hearing, the defendant has made a

complete investigation of the possibilities of future business in Blythe and has submitted a report which, it was stipulated at the hearing, is also to be considered in evidence.

In the opinion of The Southern Sierras Power Company the load at Blythe is not sufficient to justify the construction of the long transmission line which would be necessary to connect it with the main transmission system of the company, and service is therefore supplied from a local generating plant operated by oil engines. The evidence shows that, during the year 1923, considerable difficulty was experienced in the operation of this plant, and as a result there were many irregularities in the service supplied. These difficulties culminated shortly before the filing of the complaint with the breakdown of both engines at the same time and a period of over a week during which no service was supplied.

In the opinion of the Commission's engineer, the plant is inadequate in capacity and had not been kept in proper operating condition. Representatives of The Southern Sierras Power Company admit that the plant has not been in as good condition as it should have been, but point to a consistent improvement in the operating record from 1920 until early in 1923, and state that the true condition of the plant was not known to the management of the company, who believed from the operating results that the plant was being properly maintained.

The company has agreed to the installation of an additional engine and generating unit of a size to be determined by the Commission, and the existing machinery has already been thoroughly overhauled. Its investigation into the prospects of future business confirms the conclusion of our engineer that the new unit should be of not less than 150 kilovolt amperes capacity.

In answer to the allegation that proper extensions of service have not been made, the company offers to make at the present time all extensions which should be made under its rules as filed with the Commission, and it is partly in this connection that the investigation of prospective business has been made. The making of such extensions depends upon the individual circumstances in each case, as well as upon the conditions in the town as a whole. In view of this and of the company's attitude, the order now made will not cover the matter of extensions. Should this phase of the complaint not be satisfactorily settled, however, the city of Blythe need only bring the matter to the attention of the Commission, and the case will be reopened for such further order as is necessary.

ORDER.

City of Blythe having complained to the Railroad Commission regarding the electric service of The Southern Sierras Power Company,

a public hearing having been held and the matter being submitted and now ready for decision:

The Railroad Commission hereby finds as a fact that the present electric generating plant of The Southern Sierras Power Company in the city of Blythe is inadequate properly to meet the requirements of its consumers in that city.

Basing its order on the foregoing finding of fact and on the findings of fact in the opinion preceding this order;

It is hereby ordered, that

(1) Before August 1, 1924, The Southern Sierras Power Company shall install in its electric generating plant in the city of Blythe an additional electric generator of at least 150 kilovolt amperes capacity, together with a proper and adequate prime mover, and accessory and auxiliary equipment.

(2) Before May 1, 1924, The Southern Sierras Power Company shall complete the repair and improvement of the present equipment in the aforesaid generating plant substantially in accordance with the recommendations set forth in a report filed in this proceeding and designated "Railroad Commission Exhibit 1."

Dated at San Francisco, California, this fifth day of April, 1924.

DECISION No. 13384.

IN THE MATTER OF THE APPLICATION OF WESTERN STATES GAS AND ELECTRIC COMPANY, A CORPORATION, FOR AN ORDER AUTHORIZING THE ISSUE AND SALE OF ITS PREFERRED STOCK OF THE PAR VALUE OF SEVEN HUNDRED FIFTY THOUSAND DOLLARS.

Application No. 9864.

Decided April 7, 1924.

Chickering and Gregory, by *W. C. Fox*, for Applicant.

BY THE COMMISSION.

OPINION.

In this application, as amended, Western States Gas and Electric Company asks permission to issue and sell at par, \$750,000 of its 7 per cent cumulative preferred stock for the purpose of financing, in part, the cost of additions and betterments installed prior to December 31, 1923, of financing, in part, the cost of additions and betterments installed or to be installed during 1924, and refunding, in part, sinking fund payments to be made during 1924.

Western States Gas and Electric Company has an authorized capital stock of \$15,000,000, divided into \$5,000,000 of common stock and \$10,000,000 of 7 per cent cumulative preferred stock. As of February

29, 1924, the company reports \$3,981,500 of the common and \$3,648,000 of the preferred stock outstanding. As of the same date it reports its bonded and other indebtedness as follows:

Bonded indebtedness:

First mortgage 5 per cent bonds	\$4,012,500 00
First and unified 6 per cent bonds	8,000,000 00
15-year 6 per cent gold notes	5,000,000 00

Total \$17,012,500 00

Other indebtedness:

Notes payable	\$572,863 02
Accounts payable	278,355 73
Due affiliated companies	157,545 13
Consumers' deposits	34,350 69
Consumers' advances	41,776 41
Accruals	359,974 85

Total 1,444,865 83

Total indebtedness \$18,457,365 83

In reports filed under the Commission's General Order No. 65, the company shows revenues and expenses for the twelve months ending February 28, 1923, and February 29, 1924, as follows:

Item	1923	1924
Operating revenues:		
Electric	\$2,201,534 21	\$2,478,910 58
Gas	530,047 10	573,929 91
Total revenues	\$2,731,581 31	\$3,052,840 49
Operating expenses:		
Electric	\$1,413,974 97	\$1,561,421 27
Gas	360,122 70	366,725 27
Total expenses	\$1,774,097 67	\$1,928,146 54
Net operating revenues:		
Electric	\$787,559 24	\$917,489 31
Gas	169,924 40	207,204 64
Total net operating revenues	\$957,483 64	\$1,124,693 95
Deduct:		
Bond interest	\$215,736 04	\$221,955 77
Other interest	287,393 36	314,932 92
Amortization	91,563 76	79,430 14
Depreciation	111,666 00	130,000 00
Total deductions	\$706,359 16	\$746,318 83
Balance	\$251,124 48	\$378,375 12
Dividends	288,735 28	256,912 18
Surplus for year	\$37,610 80*	\$121,462 94

*Deficit.

Prior to January, 1924, the interest on the outstanding first and unified mortgage bonds, which at present aggregate \$8,000,000, was charged to capital account, as the proceeds from the sale of such bonds were being used to finance the cost of constructing applicant's El Dorado project. It appears that this project was placed into service during the early part of this year, so that hereafter the interest on the \$8,000,000 of first and unified bonds should be charged to income account. In this connection Samuel Kahn, applicant's vice president and general manager, testified that in his opinion, the company's net earnings should be sufficient to take care of its increased fixed charges.

In its third supplemental petition, filed in Application No. 8568, the company reported its uncapitalized construction expenditures, as of December 31, 1923, as \$1,102,308.15. In this application it reports its estimated expenditures for 1924, as \$1,317,272, segregated as follows:

Item	Stockton	Richmond	Eureka	Total
Electric:				
Steam plants -----	\$1,000 00	-----	\$44,500 00	\$45,500 00
Hydro plants -----	1,000 00	-----	-----	1,000 00
Transmission system -----	32,015 00	-----	18,000 00	50,015 00
Distribution system -----	420,433 00	\$19,887 00	37,836 00	508,156 00
Substations -----	127,856 00	3,403 00	6,229 00	137,488 00
Street lighting -----	30,805 00	1,088 00	5,880 00	38,673 00
Totals -----	\$613,109 00	\$55,278 00	\$112,445 00	\$780,832 00
Gas:				
Oil plants -----	\$170,236 00	-----	\$30,000 00	\$209,236 00
Natural gas plant -----	7,063 00	-----	-----	7,063 00
Transmission system -----	22,318 00	-----	-----	22,318 00
Distribution system -----	169,007 00	-----	7,000 00	176,007 00
Totals -----	\$377,624 00	-----	\$37,000 00	\$414,624 00
General:				
Transportation -----	\$11,831 00	\$2,783 00	\$3,000 00	\$17,614 00
Office and buildings -----	500 00	3,993 00	1,200 00	5,693 00
Office equipment -----	3,811 00	3,364 00	750 00	7,925 00
Miscellaneous -----	3,084 00	-----	2,500 00	5,584 00
Central Natural Gas Company -----	85,000 00	-----	-----	85,000 00
Totals -----	\$104,226 00	\$10,140 00	\$7,450 00	\$121,816 00
Grand totals -----	\$1,094,959 00	\$65,418 00	\$156,895 00	\$1,317,272 00

Adding the \$1,317,272 to the reported uncapitalized balance on December 31, 1923, of \$1,102,308.15 results in a total of \$2,419,580.15. From this amount there should be deducted the sum of \$1,771,670, which applicant reports is the total amount which it will receive from the sale of securities heretofore authorized by the Commission and which will be used to finance the expenditures referred to herein. Making this deduction, there is left the sum of \$647,910.15 which, it appears, has not been provided for through the issue of stock or bonds.

In addition to the \$647,910.15, applicant reports that on June 1, 1924, it will be called upon to deliver approximately \$135,000 to the trustee

under its first and refunding (now first) mortgage for sinking fund purposes, and that a like amount will be required for the same purposes on December 1, 1924, the total sinking fund payments for the year aggregating \$270,000.

In several former proceedings the Commission has authorized Western States Gas and Electric Company to use proceeds from the sale of stock to refund part of its sinking fund payments. For this purpose, however, the Commission has permitted applicant to issue only such an amount of stock on which the dividend at 7 per cent would equal the interest on the bonds retired through the sinking fund. At this time the Commission is not advised how many of the company's bonds will be redeemed during 1924, through sinking fund payments. Not until the Commission is furnished with a statement showing the amount of bonds so redeemed, will the Commission authorize the use of proceeds from the sale of stock, to refund in part, the company's sinking fund payments. The order herein will authorize the issue and sale of the stock and the use of the proceeds to finance the cost of additions and betterments or for such other purpose as the Commission may specify in supplemental orders.

While the company asks permission to issue and sell its stock at par, it also asks permission to use an amount of the proceeds not exceeding 6 per cent of the par value of stock sold to pay commissions and other expenses incident to the sale of the stock.

ORDER.

Western States Gas and Electric Company, having applied to the Railroad Commission for permission to issue and sell \$750,000 of its preferred stock, a public hearing having been held before Examiner Fankhauser and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for through such issue is reasonably required by applicant for the purposes specified herein and that the expenditures for such purposes are not in whole, or in part, reasonably chargeable to operating expenses or to income;

It is hereby ordered, that Western States Gas and Electric Company be and it is hereby authorized to issue and sell at par for cash \$750,000 of its 7 per cent cumulative preferred stock.

The authority herein granted is subject to further conditions as follows:

1. Of the proceeds realized from the sale of the stock herein authorized, applicant may use, if necessary, an amount not exceeding 6 per cent of the par value of the stock herein sold to pay commissions and other expenses incident to the sale of the stock. The remaining proceeds and such portion of the 6 per cent not needed for commissions and selling expenses shall be used to finance in part the cost of the

extensions, additions and betterments to which reference is made in the foregoing opinion, or for such other purposes as the Commission may authorize in supplemental orders.

2. Only such expenditures as are properly chargeable to capital account as defined by the uniform classification of accounts prescribed or adopted by the Railroad Commission shall be financed with the proceeds from the sale of the stock herein authorized.

3. Western States Gas and Electric Company shall keep such record of the issue and sale of the stock herein authorized and of the disposition of the proceeds as will enable it to file on or before the twenty-fifth day of each month a verified report as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

4. The authority herein granted will become effective upon the date hereof. No stock may be issued, sold or delivered subsequent to February 28, 1925.

Dated at San Francisco, California, this seventh day of April, 1924.

DECISION No. 13395.

IN THE MATTER OF THE APPLICATION OF SOUTHERN CALIFORNIA EDISON COMPANY, A CORPORATION, FOR AUTHORITY TO ISSUE AND SELL ONE HUNDRED THOUSAND SHARES OF ITS SIX PER CENT PREFERRED STOCK, SERIES B.

Application No. 9942.

Decided April 10, 1924.

Roy V. Reppy, for Applicant.

BY THE COMMISSION.

OPINION.

The Southern California Edison Company asks permission to issue and sell 100,000 shares (\$10,000,000 par value) of its 6 per cent preferred stock, Series B, and use the proceeds to pay expenses incurred in connection with the sale of the stock, to pay indebtedness and pay the cost of acquiring and constructing additions, extensions and betterments to its properties.

Applicant in its Exhibit No. 1 reports the amount and kinds of stock authorized as follows:

Original preferred stock	40,000 shares par value of	\$4,000,000
Preferred Series A stock 7 per cent	600,000 shares par value of	60,000,000
Preferred Series B stock 6 per cent	400,000 shares par value of	40,000,000
Preferred Series C stock 5 per cent	210,000 shares par value of	21,000,000
Common stock	1,250,000 shares par value of	125,000,000
Totals-----	2,500,000	\$250,000,000

The amount and kinds of stock issued and outstanding on February 29, 1924, is reported by applicant in its Exhibit No. 1 as follows:

Original preferred stock-----	40,000 shares	par value of	\$4,000,000
Preferred Series A stock-----	102,254 shares	par value of	10,225,400
*Common stock-----	516,836 shares	par value of	51,683,600
Subscribed preferred Series A stock----	17,328 shares	par value of	1,732,800
Subscribed common stock-----	60,641 shares	par value of	6,064,100
Totals -----	737,059		\$73,705,900

*(Proportion of Common Stock controlled by Company through ownership of Pacific Light and Power Corporation stock, \$10,836,628, leaving net outstanding \$40,846,972.)

The holders of the original preferred stock of Southern California Edison Company are entitled to receive when and as declared from the surplus or net profits of the corporation, yearly dividends at the rate of 5 per cent per annum. The dividends on such stock are cumulative and are payable before any dividends on the preferred or common stock are paid or set apart, so that if in any year dividends amounting to 5 per cent shall not have been paid thereon, the deficiency is payable before any dividends are paid upon, or set apart for the preferred stock or the common stock. The preferred stock is divided into three classes as follows: Series A, 600,000 shares; Series B, 400,000 shares; Series C, 210,000 shares.

Whenever all cumulative dividends upon the original preferred stock for all previous years shall have been paid, the holders of the preferred stock are entitled to receive when and as declared, from the remaining surplus or net profits of the corporation, after the payment of the cumulative dividends on the original preferred stock, yearly dividends at the following rates: Holders of preferred stock, Series A, 7 per cent and no more; holders of preferred stock, Series B, 6 per cent and no more; holders of preferred stock, Series C, 5 per cent and no more.

Except as to dividend rate, no distinction or preference exists among the three series of preferred stock or the owners thereof. The dividends on the preferred stock are also cumulative and are payable before any dividends on the common stock are paid or set apart, so that if in any year dividends amounting to 7 per cent on the preferred stock, Series A; 6 per cent on the preferred stock, Series B; and 5 per cent on the preferred stock, Series C, shall not have been paid, the deficiency is payable before any dividends are paid upon or set apart for the common stock. The holders of the original preferred stock are entitled to participate in any distribution of surplus or net proceeds to the holders of the preferred stock, to the extent that such distribution shall, as to any series of preferred stock, be greater than 5 per cent and such right of participation is cumulative. Whenever all cumulative dividends on the original preferred stock, and on the preferred stock, for

all previous years shall have been paid, the board of directors may declare dividends on the common stock payable out of any remaining surplus or net profits up to 7 per cent per annum. The remainder of any surplus or net profits is applicable to the payment of further dividends, equally per share, on the original preferred and common stock.

In the event of any liquidation, the holders of the original preferred stock shall share equally, and be entitled to be paid in full, both the par amount of their shares and the unpaid dividends accrued thereon, before any amount shall be paid to the holders of the preferred stock or the holders of the common stock. After the payment in full to the holders of the original preferred stock of the par amount of their shares and all unpaid dividends accrued thereon, the holders of the preferred stock shall share equally and be entitled to be paid in full, both the par amount of their shares and the unpaid dividends accrued thereon, before any amount shall be paid to the holders of the common stock, and after the payment, in the order aforesaid, to the holders of the original preferred stock and to the holders of all the preferred stock of the par amount of all shares held and of all the unpaid dividends accrued thereon, the remaining assets and funds shall be divided and paid to the holders of the common stock, equally and pro rata, according to their respective shares, up to the full value thereof; if thereafter assets remain, the same shall be distributed ratably to the holders of the original preferred stock and the common stock.

The company has the option of retiring any series of preferred stock in whole or in part, ratably in proportion of the respective holdings of stock of the series being retired, upon vote of the board of directors of the company, at any time, and from time to time, by paying therefor to the holders thereof at the rate of \$115 per share plus any accumulated dividends due thereon.

None of applicant's preferred stock, Series B, is now outstanding. In this application it asks permission to issue and sell, at not less than \$90 per share, 100,000 shares (\$10,000,000 par value) of such stock. The stock will be offered to applicant's stockholders at \$90 per share, on condition that they pay \$30 in cash, \$30 within three months, and \$30 within six months after subscribing for the stock.

Such stock as applicant's stockholders will not purchase will be offered to the general public at the same price through E. H. Rollins and Sons, who have agreed to act as the company's agents to sell the stock. For their services rendered they are to receive an amount equal to \$6 per share for all stock sold by them. E. H. Rollins and Sons have not subscribed for any of the stock nor have they underwritten the sale of any of the stock but are undertaking to act only as the company's

agents in selling such stock. It is of record that they are to pay all expenses incurred in connection with the sale of the stock.

As said, the company asks permission to pay, in connection with such stock as may be sold by E. H. Rollins and Sons, a commission of \$6 per share sold by them. Of the remaining proceeds, applicant intends to use \$3,550,000 to pay notes (Exhibit No. 5) which have been issued in connection with the acquisition or construction of applicant's properties or for the refunding of applicant's indebtedness, while the remainder will be used to pay in part construction expenditures set forth in applicant's Exhibit No. 6 filed in this proceeding and in applicant's Exhibit No. 6 filed in Application No. 9874. Applicant's Exhibit No. 6 filed in Application No. 9874 is a copy of its revised 1924 budget. In its revised budget applicant estimates its 1924 construction expenditures at \$29,197,000 which is summarized as follows:

<i>Item</i>	<i>Amount</i>
Big Creek.....	\$8,535,000 00
Research (experimental arch dam).....	60,000 00
Steam plants No. 2 and additions to No. 1.....	6,490,000 00
Total production.....	\$15,085,000 00
220 kilovolt transmission.....	2,002,000 00
Miscellaneous system betterments.....	12,110,000 00
Total	\$29,197,000 00

During January and February, 1924, the sum of \$3,969,500 has been expended, leaving a balance of \$25,227,500 to be expended during the remaining ten months of the current year. The Commission has heretofore authorized the issue of \$2,000,000 of common stock and \$14,000,000 of bonds to pay in part applicant's 1924 construction expenditures. It now proposes to raise additional funds through the sale of \$10,000,000 of preferred stock, Series B.

ORDER.

Southern California Edison Company having applied to the Railroad Commission for permission to issue 100,000 shares (\$10,000,000 par value) of its 6 per cent preferred stock, Series B, a public hearing having been held before Examiner Fankhauser, and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for by such issue is reasonably required by applicant, and that the expenditures herein authorized are not in whole or in part reasonably chargeable to operating expenses or to income;

It is hereby ordered, that Southern California Edison Company be and it is hereby authorized to issue and sell for cash, at not less than \$90 per share, 100,000 shares of its preferred stock (6 per cent), Series B.

The authority herein granted is subject to further conditions as follows:

1. Of the proceeds realized from the stock sold by E. H. Rollins and Sons, applicant may use, if necessary, an amount not exceeding \$6 per share of stock sold by them to pay commissions and other expenses incident to the sale of the stock. All other proceeds obtained from the sale of the stock shall be used to pay the notes referred to in applicant's Exhibit No. 5 filed in this proceeding and to pay in part the cost of the extensions, additions and betterments to applicant's properties referred to in its Exhibit No. 6 filed in this proceeding and its Exhibit No. 6 filed in Application No. 9874. Only such expenses as are properly chargeable to capital account, as defined by the uniform classification of accounts prescribed or adopted by the Railroad Commission, may be paid with the proceeds obtained from the sale of the stock herein authorized.

2. Southern California Edison Company shall keep such record of the issue and sale of the stock herein authorized and of the disposition of the proceeds as will enable it to file on or before the twenty-fifth day of each month a verified report, as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

3. The authority herein granted will become effective upon the date hereof. None of the \$10,000,000 of stock may be issued, sold or delivered subsequent to November 1, 1924.

Dated at San Francisco, California, this tenth day of April, 1924.

DECISION No. 13397.

IN THE MATTER OF THE APPLICATION OF SAN JOAQUIN LIGHT AND POWER CORPORATION FOR AN ORDER APPROVING A CERTAIN AGREEMENT BETWEEN ITSELF AND THE MERCED IRRIGATION DISTRICT.

Application No. 9835.
Decided April 11, 1924.

BY THE COMMISSION.

OPINION.

In June, 1921, San Joaquin Light and Power Corporation and Merced Irrigation District entered into an agreement covering principally the sale by the irrigation district to the power company of electric energy to be produced in connection with irrigation developments.

In Decision No. 9382, in Application No. 6967, 20 C. R. C. 377, the Railroad Commission approved the execution of this agreement by the

power company and fixed the rate of 4.5 mills per kilowatt hour to be paid for energy delivered at the plant switchboard.

Since the execution and approval of this agreement, certain changes have been made in the plans for the construction of the district's storage reservoir and the operation of its system. In keeping with these changes, certain modifications in the contract for the purchase and sale of electric power have been agreed upon, and the present application is for the approval by the Commission of the execution by the power company of a modified contract. All of these changes are in the details of the contract rather than in the spirit of the agreement between the parties.

These changes have been examined and found reasonable under the conditions, and as the modified contract is satisfactory to both parties, it appears that the modified agreement should be approved and that a public hearing will not be necessary.

ORDER.

San Joaquin Light and Power Corporation having applied to the Railroad Commission for an order approving a certain agreement between San Joaquin Light and Power Corporation and Merced Irrigation District, and the Railroad Commission being of the opinion that said agreement is reasonable and proper and should be approved;

It is hereby ordered, that San Joaquin Light and Power Corporation be and it is hereby authorized to execute and enter into a contract with Merced Irrigation District substantially in the form set out in Exhibit A attached to and made a part of this application; such contract to be substituted for and in place of the contract between San Joaquin Light and Power Corporation and Merced Irrigation District dated June 24, 1921, and heretofore approved by this Commission.

Dated at San Francisco, California, this eleventh day of April, 1924.

DECISION No. 13408.

IN THE MATTER OF THE APPLICATION OF THE BAY CITIES TRANSIT COMPANY, A CORPORATION, FOR PERMISSION TO ISSUE THIRTY-ONE THOUSAND TWO HUNDRED FIFTY DOLLARS OF ITS CAPITAL STOCK AT PAR TO THE PRESENT HOLDERS OF STOCK.

Application No. 9887.

Decided April 14, 1924.

Robert E. Abbott, for Applicant.

BY THE COMMISSION.

OPINION.

Bay Cities Transit Company asks permission to issue \$31,250 par value of its common capital stock for the purpose of reimbursing its

treasury because of earnings expended for the acquisition of stage equipment and other properties.

The Bay Cities Transit Company has an authorized capital stock issue of \$50,000, divided into 50,000 shares of \$1 each. Heretofore, pursuant to an order of the Railroad Commission the company has issued 18,750 shares of its stock which are now outstanding.

Of the outstanding stock, 6250 shares are owned by H. M. Thompson; 6250 shares by Fred Walker; and 6250 shares by J. E. Anderson. The company is engaged in transporting passengers by means of auto stages in the cities of Santa Monica, Ocean Park and vicinity. As of December 31, 1923, its assets and liabilities are reported as follows:

<i>Assets.</i>	
Land and buildings-----	\$18,724 73
Machinery and tools-----	1,500 00
Revenue passenger cars-----	92,677 29
Furniture and fixtures-----	350 00
Cash-----	1,720 74
Total assets-----	\$114,972 76
<i>Liabilities.</i>	
Capital stock outstanding-----	\$18,750 00
Notes payable-----	30,000 00
Accounts payable (Advances by three partners)-----	3,965 71
Other accounts payable-----	175 00
Reserve for accrued depreciation-----	28,817 66
Surplus-----	33,264 39
Total liabilities-----	\$114,972 76

It will be noted that the company reports no materials and supplies under its assets. An investigation made by Mr. D. W. Davis, an accountant for the Commission, revealed the fact that the company has charged the cost of all of its materials and supplies now on hand to operating expenses. Representatives of the company made an inventory of the materials and supplies on hand and in applicant's Exhibit No. 1 submit the cost of such materials and supplies on hand at \$9,293.80. This entire amount, as said, has been heretofore included in applicant's operating expenses, and to that extent an adjustment should be made in the reported operating expenses.

Applicant's business has been increasing rapidly, its operating revenues in 1922 amounting to \$181,192.53 and its operating revenues for 1923 to \$233,527.35. Its operating expenses, including the erroneous charges for materials and supplies are reported at \$164,714.29 in 1922 and at \$211,274.67 in 1923. The operating expenses for 1922 include for depreciation \$11,148.50 and those for 1923, \$17,669.16. The record in this proceeding shows that applicant has had surplus earnings in excess of the amount (\$32,150) of stock which it asks permission to

issue to reimburse its treasury because of earnings invested in its stage equipment and properties.

ORDER.

Bay Cities Transit Company having applied to the Railroad Commission for permission to issue \$31,250 of its common capital stock, a public hearing having been held before Examiner Fankhauser and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for by such issue is reasonably required by applicant and that this application should be granted, as herein provided; therefore,

It is hereby ordered, that the Bay Cities Transit Company be and it is hereby authorized to issue \$31,250 par value of its common capital stock for the purpose of reimbursing its treasury because of earnings expended for stage equipment and other properties. Upon the reimbursement of applicant's treasury the stock may be distributed, according to law, to applicant's present stockholders as a stock dividend.

The authority herein granted is subject to further conditions as follows:

1. Bay Cities Transit Company shall keep such record of the issue and delivery of the stock herein authorized and of the disposition of the proceeds as will enable it to file on or before the twenty-fifth day of each month a verified report, as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

2. The authority herein granted will become effective upon the date hereof. None of the \$31,250 of stock may be issued or delivered after August 1, 1924.

Dated at San Francisco, California, this fourteenth day of April, 1924.

DECISION No. 13409.

IN THE MATTER OF THE APPLICATION OF MOUNT WHITNEY POWER AND ELECTRIC COMPANY FOR CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY TO EXERCISE FRANCHISE RIGHTS IN KINGS COUNTY.

Application No. 3056.

(Supplemental.)

IN THE MATTER OF THE APPLICATION OF SAN JOAQUIN LIGHT AND POWER CORPORATION, A CORPORATION, AND SOUTHERN CALIFORNIA EDISON COMPANY, A CORPORATION, FOR AN ORDER APPROVING THE TRANSFER OF FRANCHISE GRANTED BY ORDINANCE NUMBER TWENTY-FIVE OF KINGS COUNTY.

Application No. 7762.

IN THE MATTER OF THE APPLICATION OF SOUTHERN CALIFORNIA
EDISON COMPANY, AND SAN JOAQUIN LIGHT AND POWER COR-
PORATION, FOR AN ORDER AUTHORIZING SALE OF PROPERTY.

Application No. 8578.

Decided April 15, 1924.

Roy V. Reppy, for Southern California Edison Company.
Murray Bourne, for San Joaquin Light and Power Corporation.

WHITTLESEY, *Commissioner*.

OPINION.

The supplemental applications, No. 3056 herein, are made by Southern California Edison Company as the successor in interest of Mount Whitney Power and Electric Company operating particularly in Kings, Tulare and other counties, and request the issuance of a certificate that public convenience and necessity now require the exercise by the Edison Company of the franchise rights granted to Mt. Whitney Power and Electric Company by Ordinance No. 104 of Kings County, providing for the construction and operation of an electric distribution system over all public highways in that county. The Commission has previously, by Decision No. 7679, granted a limited certificate to Mt. Whitney Power and Electric Company to serve a few consumers under the provisions of this ordinance.

The first supplemental Application No. 3056, filed April 19, 1922, by Southern California Edison Company, set forth that applicant desired ultimately to obtain a certificate to exercise franchise rights under Ordinance No. 104 throughout the entire county, but at that time requested only a limited certificate covering that area six miles north and south by seven and one-half miles east and west surrounding Hanford and known as the Hanford rectangle.

A second supplemental application was filed on April 21, 1922, requesting further authority under Ordinance No. 104 to permit the construction and operation of a certain electric line six and a half miles in length running from a point on the Kings-Tulare County boundary line between sections 9 and 4, township 19 south, range 23 east, due westerly to a point on the north line of section 9, township 19 south, range 22 east, about three and one-half miles east of Hanford.

A third supplemental application, No. 3056, was filed by Southern California Edison Company on March 7, 1923, requesting the withdrawal of the first and second supplemental applications and in lieu thereof requesting a certificate declaring that public convenience and necessity require the exercise by Southern California Edison Company of all the franchise rights granted by Ordinance No. 104 within that portion of Kings County lying generally southerly, easterly and north-

erly of a certain described boundary line as shown in detail in the application which had been mutually agreed to by applicant and also San Joaquin Light and Power Corporation, the only other competing utility in the territory involved.

The granting to the Edison Company of a limited certificate under Ordinance No. 104 as herein requested, would not only permit the construction of the six and one-half mile line as desired and also provide for service within the Hanford rectangle, but would further make possible the general consolidation of present Edison properties in Kings and Tulare counties as hereinafter requested.

Application No. 7762 of Southern California Edison Company and San Joaquin Light and Power Corporation sets forth that on December 13, 1897, Ordinance No. 25 of Kings County was passed, granting to H. G. Lacy Company a franchise for distributing electric power in that county. Under date of November 13, 1905, the Lacy Company sold to San Joaquin Light and Power Company the rights under this franchise, except within the Hanford rectangle. The Edison Company, through acquisition of the properties of Mt. Whitney Power and Electric Company and H. G. Lacy Company, became a competitor of the San Joaquin Light and Power Corporation, and during recent years a very unsatisfactory competitive condition has existed. The Edison Company is operating in the Hanford district under the county franchise granted by Ordinance No. 25 and also San Joaquin Light and Power Corporation similarly claims the right to occupy public highways in Kings County under the same ordinance. Doubt now exists as to the present legal status of applicants with respect to franchise rights and their operations thereunder. In order to remove any question of franchise rights Southern California Edison Company has agreed to transfer to San Joaquin Light and Power Corporation all of its right, title and interest in said Ordinance No. 25, and approval by the Commission of such transfer is here requested.

In order that such action should not leave Southern California Edison Company without franchise rights in the Hanford rectangle after the transfer of its rights under Ordinance No. 25 to San Joaquin Light and Power Corporation, Edison Company can, upon obtaining a proper certificate from the Commission for the exercise of franchise rights under Ordinance No. 104, continue its operations around Hanford without detriment to its consumers or change of its territorial rights. Authority is therefore requested by applicants for the transfer by Southern California Edison Company of all the rights under Ordinance No. 25 of Kings County to San Joaquin Light and Power Corporation.

Application No. 8578 was filed jointly by Southern California Edison Company and San Joaquin Light and Power Corporation on January 16, 1923, and asks authority for the transfer between the two utilities of certain electric distribution properties in the territory where competitive conditions have existed. The application sets forth that both utilities and their predecessors have and now are serving electric power to consumers in Kings, Tulare and Kern counties and are in competition in regard to the operation of certain of their distribution lines. It is alleged that a considerable saving of labor and material would be effected if certain duplicated and scattered lines and equipment be sold by applicants in such a manner as to unify and centralize their equipment in their own principal fields of operation. In order to effect the above arrangement, petitioners have agreed to a plan whereby Southern California Edison Company will secure all the distribution lines and equipment used in conjunction therewith now owned by San Joaquin Light and Power Corporation situated in that territory lying within the angle formed by that irregular converging red boundary line shown upon the map marked Exhibit A attached to and made a part of the petition in this matter, together with that in the territory lying east of the said territory and within the boundaries of the parallel lines projected due east from the northern and southern terminus of the said red lines and more particularly described by applicant's Revised Exhibit No. 4. It is further agreed that San Joaquin Light and Power Corporation will secure all distribution lines and their accessory equipment now owned by Southern California Edison Company extending across the above referred to boundary line and lying outside of said territory and which are now a part of and operated in conjunction with the properties of Southern California Edison Company.

Applicants have made careful studies of the proposed arrangements as set forth in the several applications and it appears that proper efforts are being taken to protect the interests of consumers. Action on these matters has been delayed by the Commission from time to time at the request of applicants or because of economic conditions. For a time there was an appreciable differential between the rates of the two companies. However, this condition has been practically eliminated and applicants have filed with the Commission detailed statements of the exact effect upon bills of all consumers in the territory involved which indicate no injury to consumers through the proposed transfers. Definite arrangements have been made whereby future consumers to be served in this territory will not have to pay, in any event, additional charges for extension of service lines because of change of company serving the area. Further, all contract obligations of both utilities to

their present consumers will be carried out to their full extent, and it is to be the endeavor that no annoyance be caused any consumer because of change of service to the other company.

Applicants have agreed upon, and submitted to the Commission, detailed inventories and valuations, upon an historical basis, of the properties proposed to be transferred, together with a form of agreement between themselves covering this transfer. A copy of the contract for the transfer, by the Edison Company to the San Joaquin, of the franchise rights granted by Ordinance No. 25 of Kings County has also been filed with the Commission. Under the original application No. 3056 Mt. Whitney Power and Electric Company stipulated in form satisfactory to the Commission that neither it nor its successors or assigns would ever claim a value for the franchise granted by Ordinance No. 104 of Kings County, in excess of the stated sum of one hundred (100) dollars.

Investigation by the Commission indicates the desirability of the centralization of the operating districts of each utility as herein proposed, as unsatisfactory competitive conditions will thereby be overcome. Approval should be given to the transfer of franchise rights under Ordinance No. 25 to San Joaquin Light and Power Corporation and also the transfer of physical properties as requested. Further, it is found that public convenience and necessity require the exercise by Southern California Edison Company of the franchise rights and privileges granted by Ordinance No. 104 of Kings County.

I recommend the following form of order:

ORDER.

Southern California Edison Company and San Joaquin Light and Power Corporation having applied to the Railroad Commission for authority to transfer a certain franchise and certain other property, and Southern California Edison Company having applied for a certificate of public convenience and necessity to exercise franchise rights in Kings County, a public hearing having been held, the matters having been submitted and being now ready for decision;

It is hereby ordered, that

1. Southern California Edison Company be and it is authorized to transfer to San Joaquin Light and Power Corporation such rights and privileges as it may now possess under that certain ordinance of Kings County known as and numbered Ordinance No. 25 of said county;

2. Southern California Edison Company be and it is authorized to transfer to San Joaquin Light and Power Corporation all those electric distribution lines now owned by Southern California Edison Company, lying generally west of and without the boundary line described in

applicants' Revised Exhibit No. 4, which are more particularly described in said Revised Exhibit No. 4;

3. San Joaquin Light and Power Corporation be and it is authorized to transfer to Southern California Edison Company all those electric distribution lines now owned by San Joaquin Light and Power Corporation, lying generally east of and within the boundary line described in applicants' Revised Exhibit No. 4, which are more particularly described in said Revised Exhibit No. 4;

4. The considerations for which the properties herein specified are transferred shall not be urged before this Commission or any other public body as a finding of value of said property for any purpose other than the transfer herein authorized.

The Railroad Commission hereby declares that public convenience and necessity require the exercise by San Joaquin Light and Power Corporation of the franchise rights and privileges granted by Ordinance No. 25 of Kings County, limited, however, to the area lying outside and generally west of the boundary line described in applicants' Revised Exhibit No. 4 in this matter, and the exercise by Southern California Edison Company of the franchise rights and privileges granted by Ordinance No. 104 of Kings County, limited, however, to the area lying within and generally west of the boundary line described in applicants' Revised Exhibit No. 4 in this matter.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this fifteenth day of April, 1924.

DECISION No. 13411.

IN THE MATTER OF THE APPLICATION OF SUNLAND RURAL TELEPHONE COMPANY, A CORPORATION, FOR AUTHORITY TO ISSUE STOCK.

Application No. 9941.

Decided April 15, 1924.

Ernest Irwin, for Applicant.

BY THE COMMISSION.

OPINION.

Sunland Rural Telephone Company asks permission in the above entitled application to issue \$18,400 par value of its common capital stock for the purpose of reimbursing its treasury because of earnings expended for additions and betterments to its properties, pay indebtedness and to pay the cost of additions and betterments which it intends to hereafter install.

The Railroad Commission by Decision No. 11891, dated April 4, 1923, in Application No. 8229, revised applicant's rates. In such decision the Commission recites that its engineering department made an appraisal of the company's properties and estimated the historical cost new of such properties on October 1, 1922, to be \$10,890 and the historical reproduction cost less depreciation \$7,475. The decision also shows that the company owned nonoperative property valued at \$2,050 which consisted of a switchboard and 140 telephone instruments not in service. The testimony in this proceeding shows that since the date of the Commission's decision the switchboard and substantially all of the telephone instruments have been placed in service. The Commission in its decision directed the company to move its central office to Tujunga and rebuild its lines and cables so that it can furnish to the public the various classes of service for which provision was made in the rates established by the decision of the Commission. The testimony of Mr. A. Adams, Jr., president of the Sunland Rural Telephone Company, shows that all of the improvements directed by the Commission have been made and that the rates fixed by the Commission in its decision of April 4, 1923, became effective about February 1, 1924.

Applicant reports as of December 31, 1923, assets and liabilities as follows:

<i>Assets.</i>	
Plant and equipment.....	\$18,217 91
Cash	38 54
Treasury stock.....	200 00
Accounts receivable.....	200 43
Materials and supplies.....	369 43
Prepayments	28 45
Other debit accounts.....	123 00
Total assets.....	\$19,177 76
<i>Liabilities.</i>	
Capital stock.....	\$2,000 00
Notes payable.....	3,544 26
Accounts payable.....	2,462 51
Depreciation reserve.....	4,689 28
Other credit accounts.....	189 70
Surplus	6,292 01
Total liabilities.....	\$19,177 76

The growth of applicant's business is evidenced by the fact that on December 31, 1920, it had 68 telephone subscribers, whereas at present it has 210 telephone subscribers. Its operating revenues have increased from \$3,966.91 in 1920 to \$7,295.12 in 1923. After paying operating expenses and taxes, the company for 1920 reports an operating income of \$911.66 and for 1923 an operating income of \$1,349.99. For the past several years all of applicant's surplus earnings have been invested in its properties. The amount so invested is reported at \$6,292.01.

Because of this investment applicant asks permission to issue at par \$5,000 of its stock to reimburse its treasury because of earnings expended for additions and betterments to its plants and properties. In addition to investing its surplus earnings, applicant has found it necessary to borrow money from its subscribers and others in order to pay for improvements, additions and betterments to its properties. For the purpose of paying such indebtedness, applicant asks permission to issue \$3,400 par value of stock at 95 per cent par value. Applicant further asks permission to issue and sell \$10,000 of stock at 95 per cent of par value in order to raise additional moneys to rebuild a toll line, the cost of which is estimated at \$1,500, and to pay the cost of further improvements to its telephone properties. The Commission has not been furnished with a list of the improvements other than the rebuilding of the toll line, which applicant intends to finance through the issue of the \$10,000 of stock. The order herein will therefore provide for the issue and sale of the \$10,000 of stock subject to the condition that not more than \$1,500 of the proceeds be expended in rebuilding the toll line to which reference has been made. Any additional moneys obtained from the sale of the stock may be expended only for such purposes as the Railroad Commission may authorize by supplemental order or orders.

ORDER.

Sunland Rural Telephone Company, having applied to the Railroad Commission for permission to issue \$18,400 par value of its common capital stock, a public hearing having been held before Examiner Fankhauser and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for through the issue of the stock herein authorized is reasonably required by applicant and that this application should be granted as herein provided; therefore,

It is hereby ordered, that Sunland Rural Telephone Company be and it is hereby authorized to issue \$18,400 par value of its common capital stock.

The authority herein granted is subject to the following conditions:

1. Of the stock herein authorized to be issued \$5,000 shall be issued at not less than par for the purpose of reimbursing applicant's treasury because of earnings expended for improvements, additions and betterments to its properties. Such stock, after reimbursement of applicant's treasury may, according to law, be distributed to applicant's stockholders as a stock dividend.

2. Of the stock herein authorized to be issued, \$13,400 shall be sold for not less than 95 per cent of its par value. The proceeds realized

from the sale of \$3,400 of stock may be used to pay indebtedness referred to in this application. Of the proceeds realized from the sale of \$10,000 of stock, an amount not exceeding \$1,500 may be used to rebuild the toll line referred to in the testimony herein. The remaining proceeds obtained from the sale of the stock shall be deposited with a bank and may be expended only for such purposes as the Railroad Commission may hereafter authorize.

3. Applicant shall keep such record of the issue, sale and delivery of the stock herein authorized and of the disposition of the proceeds as will enable it to file on or before the twenty-fifth day of each month a verified report, as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

4. The authority herein granted will become effective upon the date hereof. None of the \$18,400 of stock, the issue of which is herein authorized, may be issued, sold or delivered after February 1, 1925.

Dated at San Francisco, California, this fifteenth day of April, 1924.

DECISION No. 13417.

IN THE MATTER OF THE APPLICATION OF PACIFIC GAS AND ELECTRIC COMPANY, A CORPORATION, FOR AN ORDER OF THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA AUTHORIZING APPLICANT TO ISSUE AND SELL TO THE NATIONAL CITY COMPANY, A NEW YORK CORPORATION, TWELVE MILLION FIVE HUNDRED THOUSAND DOLLARS FACE AMOUNT OF APPLICANT'S FIRST AND REFUNDING MORTGAGE GOLD BONDS OF SERIES C.

Application No. 9964.

Decided April 15, 1924.

C. P. Cutten, for Applicant.

BY THE COMMISSION.

OPINION.

In this application Pacific Gas and Electric Company asks permission to issue and sell, at not less than 92½ per cent of face value plus accrued interest, \$12,500,000 of its first and refunding mortgage Series C 5½ per cent bonds due December 1, 1952, for the purpose of acquiring and paying for additional property and for the construction of additions and betterments to its properties and to those of Mt. Shasta Power Corporation.

As of December 31, 1923, applicant reports \$89,929,969.41 of stock outstanding in the hands of the public, consisting of \$35,630,885 of common stock, \$54,274,984.41 of first preferred stock, including stock subscribed for but not fully paid and issued, and \$24,100 of original preferred. As of the same date it reports its outstanding funded debt

as \$129,592,600, consisting of \$86,542,000 of Pacific Gas and Electric Company bonds and \$43,050,600 of underlying bonds. The funded debt does not include \$35,079,000 of treasury bonds, of which \$33,640,000 of general and refunding bonds are deposited with the trustee of the first and refunding mortgage. Other indebtedness is reported as \$8,895,347.16, which includes \$2,323,815.21 of accounts payable and unaudited bills, \$1,705,870.58 of interest and \$2,343,255.17 of taxes accrued and not due, \$847,773.55 of consumers' deposits, \$712,149 of dividends declared and \$962,483.74 of miscellaneous current liabilities.

Applicant in its Exhibit F reports its revenues and expenses and those of subsidiary companies, for the year ending December 31, 1923, as follows:

Gross revenue.....		\$39,321,535 55
<i>Deduct:</i>		
Maintenance	\$3,442,978 84	
Operating distribution and administration expenses	16,020,544 35	
Taxes	4,029,886 90	
Depreciation	3,224,757 06	26,718,167 15
Balance		\$12,603,368 40
<i>Add:</i>		
Miscellaneous income.....		650,206 96
Total		\$13,253,575 36
<i>Deduct:</i>		
Interest on bonds.....	\$6,551,427 23	
Other interest.....	39,281 58	
Total	\$6,590,708 81	
<i>Less:</i>		
Interest charged to construction.....	424,891 56	
Total interest charged to income.....	\$6,165,817 25	
Amortization of debt discount and expense.....	331,463 68	
Total		\$6,497,280 93
Net income, amount available for dividends, sinking funds and surplus		\$6,756,294 43

Pacific Gas and Electric Company owns all the outstanding stock, except directors' shares, of Mt. Shasta Power Corporation, which corporation is engaged in extensive hydro-electric construction work in northern California. By Decision No. 8724, dated March 10, 1921, the Commission authorized Pacific Gas and Electric Company and Mt. Shasta Power Corporation to execute a mortgage, or deed of trust, to secure the payment of \$160,000,000 of first and refunding mortgage bonds. Heretofore, under various orders of the Commission, the com-

pany has issued \$10,720,000 of Series A 7 per cent bonds due December 1, 1940, \$20,000,000 of Series B 6 per cent bonds due December 1, 1941, and \$20,000,000 of Series C 5½ per cent bonds due December 1, 1952. The Series C bonds, of which applicant now proposes to issue an additional \$12,500,000, are dated December 1, 1922, bear interest at 5½ per cent per annum, are due December 1, 1952, and are redeemable at the option of the company, in whole or in part, upon any interest payment date at face value and accrued interest, plus a premium of 5 per cent of the principal amount thereof.

Applicant reports that it has made arrangements to sell the Series C bonds at 92½ per cent of their face value plus accrued interest. It proposes to use the proceeds to finance, in part, the cost of extensions, additions and betterments to its plants and properties and to those of Mt. Shasta Power Corporation. In Exhibit C filed at the hearing in this proceeding, applicant reports that it will need \$21,210,013.72 to complete construction work in progress on February 29, 1924. This figure is segregated as follows:

Pacific Gas and Electric Company :

Electric department-----	\$6,103,359 47	
Gas department-----	1,840,109 22	
Other departments-----	2,117,229 19	
Total -----		\$10,060,697 88
Mount Shasta Power Corporation-----		11,149,315 84
Total -----		\$21,210,013 72

In addition to these expenditures, which have been specifically authorized by applicant's executive committee, applicant reports that a large amount of routine construction work is being constantly carried on in all divisions, which work amounted to \$3,636,443.95 in 1923 and to \$760,598.64 during the first two months of 1924, as shown in Exhibit C.

In its Exhibit C applicant submits detailed information regarding all authorized expenditures exceeding \$10,000 in any one case. Such authorized expenditures on the Pacific Gas and Electric Company system total \$13,769,602.69; on the Mt. Shasta Power Corporation \$13,778,334; making a grand total of \$27,547,936.69. As of February 29, 1924, Exhibit C shows that \$20,127,762.40 will be required to complete the work, the total cost of which is estimated at \$27,547,936.69.

ORDER.

Pacific Gas and Electric Company having applied to the Railroad Commission for permission to issue and sell \$12,500,000 of its first and refunding mortgage Series C 5½ per cent bonds, a public hearing having been held before Examiner Fankhauser and the Railroad Commission

being of the opinion that the money, property or labor to be procured or paid for through the issue and sale of such bonds is reasonably required for the purposes herein specified, and that the expenditures for such purposes are not in whole or in part reasonably chargeable to operating expenses or to income;

It is hereby ordered, that Pacific Gas and Electric Company be and it is hereby authorized to issue and sell on or before September 1, 1924, at 92½ per cent of their face value and accrued interest, \$12,500,000 of its 5½ per cent first and refunding mortgage gold bonds due December 1, 1952, and use the proceeds, other than accrued interest, to pay in part such cost of the additions and betterments to its properties and those of Mt. Shasta Power Corporation described in detail in Exhibit C, as is properly chargeable to fixed capital account under the uniform system of accounts prescribed by the Commission, and has not been financed through the issue of stock or bonds heretofore authorized by the Commission. The accrued interest may be used for general corporate purposes.

The authority herein granted is subject to further conditions as follows:

1. The authority herein granted will become effective when applicant has paid the fee prescribed by section 57 of the Public Utilities Act, which fee is \$6,125.
2. Applicant shall keep such record of the issue, sale and delivery of the bonds herein authorized and of the disposition of the proceeds as will enable it to file on or before the twenty-fifth day of each month a verified report, as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

Dated at San Francisco, California, this fifteenth day of April, 1924.

DECISION No. 13419.

IN THE MATTER OF THE APPLICATION OF LLOYD'S TRANSPORTATION COMPANY FOR PERMISSION TO CHANGE PASSENGER RATES.

Application No. 9700.

Decided April 15, 1924.

RATES—AUTO STAGE—COMMUTATION TICKETS.—Present fares found inadequate; increase authorized. The practice of selling fifteen-ride commutation tickets without time limit is found unreasonable, and a time limit of thirty days is found reasonable.

J. W. Smith, for Applicant.

BY THE COMMISSION.

OPINION.

This is an application filed January 15, 1924, by Lloyd's Transportation Company, a corporation, for an order granting permission to increase the one-way passenger fares between Santa Barbara and Montecito from 20 cents to 25 cents; between Santa Barbara and Summerland from 25 to 30 cents and between Santa Barbara and Carpinteria from 35 to 40 cents. It is also proposed to limit the use of the fifteen-ride tickets to thirty days from date of sale instead of issuing such tickets without an expiration date.

A hearing was held at Santa Barbara on Tuesday, April 1, 1924, before Examiner Geary, and the application having been duly submitted is now ready for a decision.

The stages of applicant are operated upon practically an hourly service from 6.30 a.m. until 7.30 p.m., the last two cars leaving Santa Barbara at 9.15 and 11 p.m. This service appears to be sufficient to meet all requirements, for a greater part of the route passes through territory offering but little traffic, due to the fact that the people employ their own automobiles. The approximate distance from Santa Barbara to Montecito is 6 miles; to Summerland 7, and to Carpinteria 12, but the fares cover defined territory or zones and, therefore, are not on a strictly mileage basis.

The following figures, taken from the annual reports, are pertinent as showing the financial situation for the two years' period ending December 31, 1923:

<i>Income Account.</i>		
	1922	1923
Passenger revenue.....	\$27,678 91	\$22,814 25
Other transportation revenue.....	296 65	15 00
Station and other privileges.....	2,050 50	
Total revenue.....	\$30,026 06	\$22,829 25
Total expenses.....	\$31,640 03	\$23,238 84
Net operating loss.....	\$1,613 97*	\$409 59*
Revenue from other operations, garage.....	24,212 64	
Miscellaneous income—		
Car advertising.....	\$24 00	
Rent.....	2,026 50	
Sale junk.....	296 65	
	2,347 15	
Net income.....	\$24,945 82	\$409 59*
<i>Deductions:</i>		
Interest.....	\$2,529 56	\$2,158 16
Expenses other than operations, garage.....	27,946 54	
Miscellaneous, loss on auto, etc.....	2,272 38	
Total deductions.....	\$32,748 48	\$2,158 16
Loss for year.....	\$7,802 66*	\$2,567 75*

*Credit.

During the year 1922 the applicant did not keep books in conformity with this Commission's prescribed rules for uniform classification of accounts, and the net operating loss of \$1,613.97 can not be accepted as the positive result. In this same year the total loss is given as \$7,802.66, which amount includes the nonoperating property, consisting mainly of a garage, since disposed of. It will be noted that the passenger revenue decreased from \$27,678.91 in 1922 to \$22,814.25 in 1923, or a loss of \$4,864.66. This is mainly attributable to the fact that the school children formerly transported by this applicant are now handled free by the busses of the school department. The loss of this revenue and the 4 per cent gross revenue tax, effective January 1, 1924, are the principal reasons for the filing of this application.

The plant and equipment of this applicant, as shown by the annual report December 31, 1923, is valued at \$12,679.64, made up of four revenue passenger cars \$12,179.64 and floating equipment \$500, the cars being listed at their depreciated book value.

There was filed at the hearing Exhibit No. 1, giving the financial results for three months, ending March 31, 1924. This exhibit, with the interest charge eliminated, is reproduced below:

Ticket sales	\$4,853 50	
Loss	1,468 43	
Car operators' wages		\$1,468 55
General office supplies and expenses		107 40
Gasoline		642 97
Oil		97 49
Rent, waiting room		163 95
Station expense		3 26
Garage labor and expense		225 00
Other operating expenses		1 00
Tires and tubes		286 07
Maintenance of equipment		680 04
Advertising		10 00
Salaries		600 00
Salaries, general office		150 00
Stationery and printing		14 00
Insurance		65 32
Law expenses		12 00
Taxes		84 52
State tax due		194 17
Rent, garage and office		300 00
Superintendence of operation		455 00
Reserve for depreciation		\$5,560 74
		761 19
		<hr/>
		\$6,321 93

The operating loss during these three months was \$1,468.43, or at the rate of \$5,873.72 for a twelve months' period. Total expenses average about the same as in 1923, including depreciation on a 25 per cent basis. We believe, in view of past performances, that the amount claimed for depreciation is excessive and should not exceed 20 per cent per annum, to which basis the account should be adjusted.

Subsequent to the hearing applicant presented a travel check, giving a segregation of the passengers handled in the three fare zones, during February and March, which check showed that approximately 70 per cent of the travel is in the first zone, covering a district of 7 miles from the central depot, where the Montecito fare governs; this fare is to be increased from 20 to 25 cents.

The present fifteen-ride commutation ticket is sold without time limit and it is now proposed to limit these tickets to thirty days from date of sale. The fares are: Santa Barbara to Montecito \$2.75, to Summerland \$3 and to Carpinteria \$4, or at rate per ride, to Montecito 18½ cents, Summerland 20 cents and Carpinteria 26½ cents. To the regular riders the adjustment proposed will mean no increase in charge by use of the fifteen-ride tickets.

There was no opposition to the adjustment, although notice of the hearing was given to interested parties.

From the facts developed it is manifest applicant should be given the relief sought, for unless the fares are increased the service will deteriorate, if not entirely cease.

We conclude and find, in view of the circumstances of record in the proceeding, that the present one-way passenger fares between Santa Barbara and Montecito, Summerland and Carpinteria, are unjust, unreasonable and insufficient, and that the just and reasonable one-way fares are: Between Santa Barbara and Montecito 25 cents; between Santa Barbara and Summerland 30 cents and between Santa Barbara and Carpinteria 40 cents.

We further find that the present practice of selling fifteen-ride commutation tickets without time limit is unreasonable and that a time limit of thirty days for these tickets is reasonable.

ORDER.

A public hearing having been held in the above entitled proceeding, the matter having been submitted, the Commission having been duly advised, and basing its order on the findings of fact set forth in the preceding opinion;

It is hereby ordered, that Lloyd's Transportation Company be authorized to establish, within twenty (20) days from the date of this order, one-way fare of 25 cents between Santa Barbara and Montecito; 30 cents between Santa Barbara and Summerland, and 40 cents between Santa Barbara and Carpinteria, which fares are found to be just and reasonable.

It is hereby further ordered, that the fifteen-ride commutation ticket be issued with a time limit of thirty (30) days.

Dated at San Francisco, California, this fifteenth day of April, 1924.

DECISION No. 13424.

IN THE MATTER OF THE APPLICATION OF WESTERN STATES GAS AND ELECTRIC COMPANY, A CORPORATION, FOR AN ORDER AUTHORIZING THE ISSUE AND SALE OF ITS PREFERRED STOCK OF THE PAR VALUE OF FIVE HUNDRED THOUSAND DOLLARS.

Application No. 8568.

Decided April 15, 1924.

BY THE COMMISSION.

FOURTH SUPPLEMENTAL ORDER.

Western States Gas and Electric Company, by Decision No. 11579, dated February 3, 1923, was authorized to issue and sell for cash at not less than par \$500,000 of its 7 per cent cumulative preferred stock. The order of the Commission, as amended from time to time, has permitted the company to use an amount of the proceeds not exceeding 6 per cent of the par value of stock sold to pay commissions, salaries, advertising and other expenses incident to the sale of the stock, to use \$135,000 of the proceeds to finance in part construction expenditures made prior to December 31, 1923, and to use the proceeds received from the sale of \$211,000 of the stock to reimburse its treasury on account of sinking fund payments made since December 1, 1919, and prior to December 31, 1923, or to pay current indebtedness incurred in making such sinking fund payments. The remaining proceeds may be used only when and for such purposes as the Commission may authorize by a supplemental order or orders.

In its fourth supplemental petition filed in the above entitled matter on April 1, 1924, applicant asks permission to use an additional \$100,000 of the proceeds received from the sale of the stock authorized by Decision No. 11579 to reimburse its treasury for construction expenditures made up to and including February 29, 1924. Exhibit No. 1 attached to the fourth supplemental petition indicates that subsequent to November 30, 1916, and prior to February 29, 1924, the company expended \$7,368,063.12 for additions and betterments, exclusive of its El Dorado development. From this amount applicant deducts \$298,906.76 because of moneys represented by the depreciation reserve which have been invested in properties, and \$5,544,152.19, representing proceeds from the sale of stock, bonds and notes heretofore authorized by the Commission, leaving a balance of \$1,525,004.17, reported to represent uncapitalized construction expenditures as of February 29, 1924.

The Commission has given consideration to applicant's request and believes it should be granted, as herein provided; therefore,

It is hereby ordered, that the order in Decision No. 11579, dated February 3, 1923, be and it is hereby modified so as to permit Western States Gas and Electric Company to use an additional \$100,000 of proceeds received from the sale of stock authorized by that decision to finance in part the cost of the construction expenditures made prior to February 29, 1924, and referred to herein, provided that only such expenditures as are properly chargeable to capital account shall be financed with such proceeds.

It is hereby further ordered, that the order in Decision No. 11579, dated February 3, 1923, as amended, shall remain in full force and effect, except as modified by this fourth supplemental order.

Dated at San Francisco, California, this fifteenth day of April, 1924.

DECISION No. 13427.

IN THE MATTER OF THE APPLICATION OF NEEDLES GAS AND ELECTRIC COMPANY FOR AUTHORITY TO ISSUE ADDITIONAL FIRST MORTGAGE BONDS IN THE AMOUNT OF TWENTY-FIVE THOUSAND DOLLARS AND TO SELL THE SAME.

Application No. 9892.

Decided April 17, 1924.

Leroy M. Edwards, for Applicant.

BY THE COMMISSION.

OPINION.

In this application, as amended at the hearing, the Railroad Commission is asked to make an order authorizing the Needles Gas and Electric Company to issue and sell, at not less than 95 per cent of their face value and accrued interest, \$25,000 of 7 per cent bonds, due December 1, 1944, or deposit such bonds as collateral to secure the payment of notes. The proceeds realized from the sale or deposit of the bonds will be used for the purpose of paying, in part, the cost of the improvements, additions and betterments described in Exhibit "B" or pay indebtedness.

Applicant operates gas, electric and telephone properties at Needles, California. During 1923 it reports 818 electric and 504 gas consumers, and 386 telephone subscribers. Its total operating revenues for the same year are reported at \$81,413.02, its operating expenses, including \$6,456 for depreciation, at \$62,629.41, leaving net operating revenues at \$18,783.61.

Applicant has outstanding \$100,000 of stock and \$90,000 of 7 per cent bonds. Its current indebtedness consists of \$15,846.45 of notes payable and \$17,271.39 of audited vouchers and wages unpaid.

In its Exhibit "B" applicant reports an expenditure of \$33,964.25 for capital additions to its properties from December 1, 1921, to December 31, 1923, divided as follows:

Electric properties -----	\$25,145 93
Gas properties -----	6,833 54
Telephone properties -----	1,984 78

The purpose for which the \$33,964.25 has been expended is set forth in detail in Exhibit "B." Of the amount, \$17,524.01 was expended during 1923, for the purpose of installing a 200-horsepower electric generating plant. The installation of this additional unit was made necessary by the increase in applicant's business.

It is of record that applicant has arranged for the sale of \$12,000 of the bonds it asks permission to issue. To construct the additions to its properties to which reference has been made, applicant has incurred indebtedness represented by notes and accounts payable. In the event that it can not sell all of its bonds forthwith, it may be necessary for applicant to deposit some as collateral and use the money thus obtained to pay indebtedness now outstanding.

ORDER.

Needles Gas and Electric Company having applied to the Railroad Commission for permission to issue and sell \$25,000 of bonds, a public hearing having been held before Examiner Fankhauser, and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for through the issue and sale of such bonds is reasonably required for the purposes herein specified and that the expenditures for such purposes are not in whole, or in part, reasonably chargeable to operating expenses or to income;

It is hereby ordered, that the Needles Gas and Electric Company be and it is hereby authorized to issue and sell, on or before December 1, 1924, at 95 per cent of their face value and accrued interest, \$25,000 of 7 per cent first mortgage bonds, due December 1, 1944, and use the proceeds, other than the accrued interest, to pay, in part, such cost of the additions and betterments to its properties described in Exhibit "B" as is properly chargeable to fixed capital account under the uniform system of accounts prescribed by the Commission, or pay indebtedness incurred to pay for such additions and betterments, or pay notes secured by the deposit of bonds herein authorized. The accrued interest may be used for general corporate purposes.

It is hereby further ordered, that pending the sale of \$13,000 of the bonds herein authorized to be issued, applicant may deposit such bonds as collateral, to secure the payment of notes issued for a term of one year or less, provided that not more than \$125 face value of bonds shall be deposited for every \$100 face value of notes issued and that

the proceeds obtained from the issue of the notes will be used to pay, in part, such cost of the additions and betterments to its properties described in Exhibit "B" as is properly chargeable to fixed capital account under the uniform system of accounts prescribed by the Commission, or pay indebtedness incurred to pay for such additions and betterments.

The authority herein granted is subject to further conditions as follows:

1. Needles Gas and Electric Company shall keep such record of the issue and sale of the bonds herein authorized and of the disposition of the proceeds as will enable it to file on or before the twenty-fifth day of each month a verified report, as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

2. The authority herein granted will become effective when applicant has paid the fee prescribed by section 57 of the Public Utilities Act, which fee is \$25.

Dated at San Francisco, California, this seventeenth day of April, 1924.

DECISION No. 13435.

IN THE MATTER OF THE APPLICATION OF THE WEST COAST TRANSIT COMPANY, INCORPORATED, TO PURCHASE, AND B. P. McCONAHA; F. F. NELLIST AND D. O. NELLIST, DOING BUSINESS UNDER THE FIRM NAME OF NELLIST BROS.; WALTER MAXWELL, THOMAS B. RILEY, D. L. ZAHNER, HARRY ANDERSON, GUS L. PETERSON, C. E. ROSS, W. G. BOYD AND M. S. BITTENCURT, TO SELL THEIR SEVERAL AND RESPECTIVE AUTOMOBILE PASSENGER, EXPRESS AND FREIGHT LINES IN THE COUNTIES OF DEL NORTE, HUMBOLDT, MENDOCINO, TRINITY, SISKIYOU, SHASTA, TEHAMA AND SONOMA; ALSO OF THE WEST COAST TRANSIT COMPANY FOR ORDER AUTHORIZING THE ISSUE OF STOCKS.

Application No. 9807.

Decided April 18, 1924.

R. C. Nelson, for Applicant.

D. A. Maze and *W. J. Cummings*, for Northwestern Pacific Railroad Company.

MARTIN, Commissioner.

OPINION.

B. P. McConnaha; F. F. Nellist and D. O. Nellist, doing business under the firm name of Nellist Bros.; Walter Maxwell, Thomas B. Riley; Thomas B. Riley and Frank B. Robinson, copartners; D. L. Zahner, Harry Anderson, Gus L. Peterson, C. E. Ross, W. G. Boyd and M. S. Bittencurt ask permission to sell their operative rights, stage equipment and other properties described in this application, as amended, to the West Coast Transit Company. The West Coast Transit

Company asks permission to purchase such properties and consolidate the various operative rights and hereafter operate the same as one unified system to transport passengers, packages, express and freight in accordance with the operative rights herein proposed to be transferred to and acquired by the West Coast Transit Company. The West Coast Transit Company also asks permission to issue \$200,000 par value of 8 per cent cumulative preferred stock and \$316,800 par value of 6 per cent participating second preferred stock.

The Commission is asked to make an order authorizing the transfer of various individual copartnership operative rights to the corporation and also for a certificate authorizing the corporation to connect up and operate through service between any points served by the various individual rights to be transferred to it, and, further, for a certificate authorizing the operation of automobile stage service as a common carrier of passengers, express and freight between Hoopa and Weitchpec in connection with, and as a part of, its combined operations. The rights proposed to be transferred to the corporation are as follows:

From B. P. McConnaha the operative rights secured under the provisions of section 5, chapter 213, Statutes of 1917, due to operations prior to May 1, 1917, authorizing the operation of automotive stage service as a common carrier of passengers and freight between Eureka and Crescent City and intermediate points, and also between Orick and Orleans and intermediate points; the rights obtained by certificate under Application No. 4531, authorizing the operation of automotive stage service for the transportation of passengers, freight and express between Requa and Crescent City and intermediate points.

From F. F. Nellist and D. O. Nellist, doing business under the firm name of Nellist Bros., the right to operate stage service as a common carrier of passengers and express between Eureka and Korbelt and intermediate points, and between Eureka and Falk and intermediate points, both rights obtained under the provisions of section 5, chapter 213, Statutes of 1917, due to operation in good faith prior to May 1, 1917; the right to operate passenger stage service between Eureka and Korbelt over the new highway obtained by certificate granted under Application No. 9129; the right to operate passenger and express service, express service being limited to shipments not in excess of 100 pounds in weight, between Eureka and Korbelt and intermediate points, secured by purchase from T. B. Riley under Application No. 9483.

From Thomas B. Riley the right to operate passenger, freight and express service between Eureka and Garberville and intermediate points, which right was secured by Riley through purchase from Hy Nelson, under Application No. 6729; right to operate passenger and baggage service between Healdsburg and Cloverdale and intermediate points, and the right to operate passenger stage service only between

Cloverdale and Ukiah and intermediate points, both of the latter rights having been secured by Riley through purchase from J. P. Hildreth under Application No. 9572.

From Thomas B. Riley and Frank B. Robinson, copartners, the right to operate passenger and baggage stage service between Willits and Ukiah, secured by the copartnership through purchase from F. M. Todd under Application No. 8775.

From D. L. Zahner the right to operate passenger and express service between Eureka and Carlotta and intermediate points, secured by Zahner under the provisions of section 5, chapter 213, Statutes of 1917, due to operation in good faith prior to May 1, 1917; also the right to operate passenger and express service between Eureka and Rohnerville and intermediate points, secured by Zahner through purchase from E. D. Brizzard under Application No. 5918.

From H. Anderson the right to operate passenger and express service between Eureka and Ferndale and intermediate points, secured by Anderson through transfer from Maxwell and Anderson, copartners, under Application No. 4696.

From Walter Maxwell the right to operate passenger and express service between Eureka and Garberville and intermediate points, secured by Maxwell through transfer from the copartnership of Maxwell and Anderson under Application No. 4697.

From M. S. Bittencurt the right to operate passenger and express stage service between Eureka and Arcata and intermediate points, secured under Application No. 3631.

From W. G. Boyd the right to operate passenger and express service between Arcata and Eureka and intermediate points, secured by Boyd through transfer from M. Larson under Application No. 5215.

From Gus Peterson the right to operate passenger and freight stage service between Arcata and Hoopa and Pony Bar and intermediate points, secured by Peterson through purchase from H. A. Reed, under Application No. 8867; the right to operate passenger and freight service under certain restrictions between Eureka, Arcata, Pony Bar and Big Bar, secured by Peterson through certificate obtained under Application No. 9088.

From C. E. Ross the right to operate passenger and express stage service between Red Bluff and Forest Glen and passenger and freight service between Forest Glen and Eureka. The two certificates held by C. E. Ross were originally obtained by two separate individuals, one of which applied for passenger and express service only, and the other for passenger and freight service. Later both certificates were transferred to a copartnership consisting of Berry and Hamilton. Berry later purchased the interests of his copartner Hamilton and later transferred both operative rights to Ross, one of the present applicants. In view

of the inconsistency of the two certificates covering operation between Eureka and Red Bluff, the blanket certificate as applied for by the corporation in the present proceeding will provide for passenger and freight service over this entire route.

As noted from the description of the individual rights, as above enumerated, while all of such rights carry permission to transport passengers, they do not all have authority to transport freight or express, and the blanket certificate, as applied for by the corporation, will provide solely for the transportation of passengers and for the transportation of such express matter as can be conveniently handled upon passenger cars, no single shipment to exceed 100 pounds in weight, with the exception of Eureka-Red Bluff route.

Further, as no through rates or through time schedules were submitted in connection with the present application, the order will contain a provision to the effect that no through service or through rates can be established by applicant corporation herein until schedules of through rates and through time schedules have been submitted and approved by the Railroad Commission under supplemental order.

Evidence was introduced regarding the value of the properties to be acquired by the West Coast Transit Company, which evidence was considered. For the purpose of this proceeding, a value of \$350,000 will be recognized.

The West Coast Transit Company has the option to assume or to pay in cash the following indebtedness of individuals who have agreed to sell their properties to the company:

Walter Maxwell	\$15,000 00
Thomas B. Riley	20,000 00
Nellist Bros.	20,000 00
Gus E. Peterson	6,000 00
C. E. Ross	3,000 00
M. S. Bittencourt	2,500 00
Total	\$66,500 00

In addition, West Coast Transit Company proposes to pay B. P. McConaha \$30,000 in cash as a part consideration for his properties. Adding the \$30,000 to the \$66,500 makes a total of \$96,500, which the company intends to raise from the sale of first preferred stock, in the event it undertakes to pay forthwith the above indebtedness. Deducting the \$96,500 from the \$350,000 valuation, leaves an equity of \$253,000 to be distributed amongst the owners of the property. Against this equity West Coast Transit Company intends to issue 6 per cent participating second preferred stock at \$80 per share. The Commission is of the opinion that such stock should be issued on a basis of \$90 per share. This will call for an issue of not exceeding 2817 shares, or \$281,700 par value. The company asks permission to sell its 8 per cent preferred stock at \$85 per share, net. If sold at \$85 net, 1136

shares (\$113,600 par value) must be sold to realize \$96,500. Adding the 1136 shares to the 2817 shares makes a total of 3953 shares, or \$395,300 par value of stock to be issued to acquire free and clear of all indebtedness and encumbrances, property valued at \$350,000.

West Coast Transit Company asks permission to issue additional 8 per cent preferred stock to purchase new equipment. Arrangements have already been made for the purchase of two Fageol safety coaches at about \$9,000 each. During the year, additional equipment may have to be acquired. The order herein will authorize the company to issue and sell for cash \$200,000 of its 8 per cent preferred stock at not less than par and permit the company to expend, if necessary, in connection with the sale of such stock an amount equal to not exceeding 15 per cent of the par value of the stock sold.

Of the proceeds realized, \$96,500 may be used to pay the debts and obligations referred to above and not exceeding \$20,000 to purchase new equipment and for general corporate purposes. The remainder of the proceeds must be deposited by the company with a bank and may be expended only for such purposes as the Commission may hereafter authorize by supplemental order or orders. Because of the fact that the company may realize only \$85 per share net from the sale of its first preferred stock, it is believed that the amount of such stock sold should be held to the minimum.

The Northwestern Pacific Railroad Company was represented at the hearing, but does not object to the granting of the application, as amended at the hearing.

I herewith submit the following form of order:

ORDER.

Application having been made to the Railroad Commission for an order authorizing the transfer of operative rights and properties and the issue of stock, a public hearing having been held and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for through the issue and sale of stock herein authorized is reasonably required by the West Coast Transit Company and that this application should be granted, subject to the provisions and conditions of this order; therefore,

The Railroad Commission of the State of California hereby declares that public convenience and necessity require the operation by West Coast Transit Company of automotive stage service as a common carrier of passengers and express between Healdsburg and Crescent City and intermediate points, via Eureka, over what is known as the Redwood highway route; between Eureka and Red Bluff, via Forest Glen; between Eureka and Big Bar, via Korbel; between Eureka and Orleans, via Hoopa and Weitchpec; and also between Eureka and

Orleans via Orick; between Eureka and Falk; and between Eureka and Ferndale; and between intermediate points over and along the routes between each of the termini above mentioned, said certificates to include permission to operate stages and to sell through tickets between each and all of the termini and intermediate points included under the above described routes, and to include freight service between Eureka and Red Bluff and intermediate points.

It is hereby ordered, that a certificate of public convenience and necessity be and the same hereby is granted subject to the following conditions:

1. That no through service or through rates shall be established under the above certificate until applicant corporation has submitted through schedule of rates and time schedules providing for such service and they have been approved by formal supplemental order.

2. That no express service shall be carried on automotive stages operating upon through schedule that can not be conveniently handled upon a passenger stage and which shall exceed 100 pounds in weight for each individual shipment.

3. Applicant corporation shall file its written acceptance of the certificate hereinabove granted within a period of not to exceed twenty (20) days from date hereof, which acceptance shall set forth that said certificate is accepted with the understanding that it is in lieu of, and not in addition to, individual passenger rights transferred, and shall submit in duplicate its proposed through rates and through time schedules within a period of not to exceed sixty (60) days from date hereof. Operation to commence under said through rates and through time schedules within a period of not to exceed ninety (90) days from date hereof, unless such times are extended by supplemental order herein.

4. The right and privileges which are herein authorized may not hereafter be discontinued, sold, leased, transferred or assigned unless the written consent of the Railroad Commission to such discontinuance, sale, lease, transfer or assignment has first been secured.

5. No vehicle may be operated by West Coast Transit Company unless such vehicle is owned by the company or is leased for a specified amount on a trip or term basis, the leasing of the equipment not to include the services of a driver or operator. All employment of drivers or operators of leased cars shall be made on the basis of a contract by which the driver or operator shall bear the relation of an employee of the transportation company.

It is hereby further ordered, that B. P. McConnaha, doing business under the fictitious name of McConnaha Official Auto Service; F. F. Nellist and D. O. Nellist, copartners doing business under the firm name of Nellist Bros.; Walter Maxwell; Thos. B. Riley; Thos. B. Riley and Fred B. Robinson, copartners; D. L. Zahner, Harry Anderson,

Gus L. Peterson, C. E. Ross, W. G. Boyd, M. S. Bittencourt and Humboldt Stage Association be and they are hereby authorized to transfer to West Coast Transit Company, a corporation, certificates of public convenience and necessity owned by them either individually or as copartners and as more fully set forth in the opinion preceding this order, together with automotive stages, trucks, supplies, fixtures and equipment, as more fully set forth in exhibits attached to the application herein, and the West Coast Transit Company, a corporation, be and it is hereby authorized to acquire and operate under said certificates, subject to the following conditions:

A. Each and all of the individuals and copartnerships hereinabove mentioned shall cancel all tariffs of rates and time schedules filed with the Railroad Commission under their names covering service rendered under certificates herein authorized to be transferred, and West Coast Transit Company, a corporation, shall file in its own name, in duplicate, tariffs of rates and time schedules covering service rendered under certificates herein authorized to be transferred to it, which tariffs of rates and time schedules shall be identical with the tariffs of rates and time schedules at present on file with this Commission, such cancellations and filings to be made within a period of not to exceed thirty (30) days from date hereof.

B. The right and privileges which are herein authorized to be transferred may not hereafter be discontinued, sold, leased, transferred or assigned unless the written consent of the Railroad Commission to such discontinuance, sale, lease, transfer or assignment has first been secured.

C. No vehicle may be operated by West Coast Transit Company unless such vehicle is owned by the company or is leased for a specified amount on a trip or term basis, the leasing of the equipment not to include the services of a driver or operator. All employment of drivers or operators of leased cars shall be made on the basis of a contract by which the driver or operator shall bear the relation of an employee of the transportation company.

It is hereby further ordered, that the West Coast Transit Company be and it is hereby authorized to issue \$281,700 of its 6 per cent participating second preferred stock, assume indebtedness of not exceeding \$66,500 and pay in cash not exceeding \$30,000 for the purpose of acquiring the properties described in this application and more specifically set forth in Exhibits Nos. 2 to 12, both inclusive.

It is hereby further ordered, that the West Coast Transit Company be and it is hereby authorized to issue and sell for cash at not less than par \$200,000 of its 8 per cent cumulative preferred stock. Of the proceeds realized, an amount not in excess of 15 per cent of the par value of stock sold may be used to pay commissions and expenses in connec-

tion with the sale of the stock. The sum of \$96,500 realized from the sale of the stock may be used to pay, in part, for the properties which the company is herein authorized to purchase, said sum to be used to pay the indebtedness referred to in this decision and the \$30,000 in cash to which reference has been made. The sum of \$20,000 obtained from the sale of the stock may be used to purchase additional equipment. All stock proceeds herein authorized to be expended and not needed for the purposes so authorized, as well as all additional proceeds obtained from the sale of the stock, shall be expended only for such purposes as the Railroad Commission will hereafter authorize by supplemental order or orders.

The authority herein granted is subject to further conditions as follows:

a. West Coast Transit Company shall keep such record of the issue, sale and delivery of the stock herein authorized and of the disposition of the proceeds as will enable it to file on or before the twenty-fifth day of each month a verified report, as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

b. Within thirty days after the date hereof West Coast Transit Company shall file with the Railroad Commission a certified copy of its amended articles of incorporation.

c. The authority herein granted to issue stock will become effective when West Coast Transit Company has paid the fee prescribed by section 57 of the Public Utilities Act, which fee is \$67. None of the stock herein authorized to be issued may be issued, sold or delivered after February 1, 1925.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this eighteenth day of April, 1924.

DECISION No. 13439.

IN THE MATTER OF THE APPLICATION OF WESTERN STATES GAS AND ELECTRIC COMPANY, A CORPORATION, FOR AN ORDER AUTHORIZING THE ISSUE AND SALE OF ITS FIRST AND UNIFIED MORTGAGE GOLD BONDS, SERIES "A," SIX PER CENT, OF THE PAR VALUE OF FIVE HUNDRED FIFTY-THOUSAND DOLLARS.

Application No. 9647.

Decided April 18, 1924.

BY THE COMMISSION.

FIRST SUPPLEMENTAL ORDER.

WHEREAS, the Railroad Commission by Decision No. 13055, dated January 16, 1924, authorized Western States Gas and Electric Com-

pany to issue \$550,000 of its first and unified mortgage Series "A" 6 per cent bonds subject, among others, to the condition that none of the bonds should be sold until the Commission, by supplemental order, has authorized the price at which they may be sold; and

WHEREAS, applicant has now reported that it has made arrangements to sell \$300,000 of such bonds at 90 per cent of their face value, plus accrued interest, and asks the Commission to make an order authorizing the sale of the \$550,000, of bonds at not less than 90 per cent of their face value and accrued interest; and

WHEREAS, the Commission has given consideration to applicant's request and believes it should be granted; therefore,

It is hereby ordered, that the order in Decision No. 13055, dated January 16, 1924, be and it is hereby modified so as to permit Western States Gas and Electric Company to sell, on or after the date hereof, the \$550,000 of bonds authorized to be issued by that decision at not less than 90 per cent of their face value, plus accrued interest.

It is hereby further ordered, that the order in Decision No. 13055, dated January 16, 1924, shall remain in full force and effect except as modified by this first supplemental order.

Dated at San Francisco, California, this eighteenth day of April, 1924.

DECISION No. 13441.

IN THE MATTER OF THE APPLICATION OF SAN JOAQUIN LIGHT AND POWER CORPORATION FOR AN ORDER AUTHORIZING THE ISSUE AND SALE OF STOCK.

Application No. 9967.

Decided April 19, 1924.

Murray Bourne, for Applicant.

BY THE COMMISSION.

OPINION.

In this application, as amended, San Joaquin Light and Power Corporation asks permission to issue and sell, at \$93 per share, 10,000 shares of its 7 per cent prior preferred stock, of the aggregate par value of \$1,000,000, for the purpose of reimbursing its treasury for, or to provide the cost of, additions, extensions, improvements and betterments to its property, made or to be made subsequent to February 28, 1924.

Applicant reports that it has an authorized capital stock of \$150,000,000, divided into \$75,000,000 of 7 per cent cumulative prior preferred stock, \$18,500,000 of 7 per cent cumulative Class "A" preferred stock, \$6,500,000 of 6 per cent cumulative Class "B" preferred stock and \$50,000,000 of common stock. Of these amounts, the company

reports outstanding, as of February 29, 1924, \$7,694,900 of the prior preferred stock, \$6,500,000 of the Class "B" preferred stock and \$11,000,000 of the common stock, a total of \$25,194,900. In addition, \$659,500 of prior preferred stock has been subscribed for, but not yet issued.

As of the same day it reports its bonded and other indebtedness as follows:

Bonded Indebtedness.

First and refunding bonds—

Series "A" 6s due 1950-----	\$1,170,000 00
Series "B" 5s due 1950-----	799,000 00
Series "B" 6s due 1950-----	2,125,000 00
Series "C" 6s due 1950-----	10,191,000 00

Total ----- \$14,291,000 00

Unifying and refunding bonds—

Series of 1925, 7s-----	\$400,000 00
Series of 1926, 7s-----	400,000 00
Series "A" 7s due 1951-----	7,000,000 00
Series "B" 6s due 1952-----	9,633,000 00

Total ----- 17,433,000 00

San Joaquin Light and Power Company 5s due 1945 -----

2,326,000 00

Total bonded indebtedness----- \$34,050,000 00

Other Indebtedness.

Accounts payable -----	\$555,459 66
Consumers' deposits -----	76,837 17
Dividends declared -----	523,260 46
Taxes accrued -----	141,374 21
Interest accrued -----	112,092 31
Other accrued liabilities-----	109,317 71

Total other indebtedness----- 1,518,341 52

Total ----- \$35,568,341 52

In reports filed under the Commission's General Order No. 65, applicant reports its revenues and expenses, and those of subsidiary companies, for the twelve months ending February 28, 1923, and February 29, 1924, as follows:

Gross Earnings.

	1923	1924
Light -----	\$1,902,881 36	\$2,137,245 35
Power -----	4,118,325 52	4,319,786 26
Gas -----	377,034 95	379,093 83
Water -----	27,571 77	28,899 58
Railway -----	121,573 34	101,373 65
Totals -----	\$6,547,386 94	\$6,966,398 67
Operating expenses (exclusive of depreciation) -----	2,813,676 08	3,136,286 82
Net earnings from operations-----	\$3,733,710 86	\$3,830,111 85
Sundry earnings -----	175,039 57	126,783 32
Balance available for interest, etc.-----	\$3,908,750 43	\$3,956,895 17

Deduct :

Interest charges	\$1,715,046 61	\$1,702,894 62
Amortization of debt discount and expense	132,472 02	106,967 58
Depreciation	716,030 32	861,749 42
Miscellaneous	59,520 86	2,550 99
Totals	\$2,623,069 81	\$2,674,162 61
Amount available for dividends, sinking funds and surplus	\$1,285,680 62	\$1,282,732 56

Applicant reports its uncapitalized construction expenditures as of February 29, 1924, as \$571,819.46 and the amount necessary to complete approved estimates as \$528,634.84. In addition, it reports, in Exhibit "B," that it will need \$1,986,072, to take care of construction work during the period from March to December 1924. This amount is segregated as follows:

Kings River development	\$169,935 00
Miscellaneous betterments to production plants	10,749 00
Steel tower line, Power House No. 1 to Copper Mine substation	125,000 00
Completion of new office building	125,897 00
Additional transformer capacity	97,151 00
Regulators and miscellaneous substation equipment	39,418 00
Distribution lines and new business extensions	1,289,631 00
New building at Selma	7,180 00
Telephone lines and equipment	25,500 00
Lot and office building, Los Banos	15,000 00
Office equipment and appliances	9,620 00
Mains and extensions, gas department	67,991 00
Sundry	3,000 00
Total	\$1,986,072 00

Adding the \$1,986,072 to the \$571,819.46 and the \$528,634.84 results in a total of \$3,086,526.30. From this total there should be deducted the sum of \$1,891,450, representing unexpended proceeds from the sale of bonds heretofore authorized by the Commission and available for additions and betterments. Making this deduction, there is left the sum of \$1,195,076.30, against which applicant asks permission to sell the \$1,000,000 of stock.

Applicant has sold \$750,000 of stock at \$93 per share, subject to the condition that its issue and sale be authorized by the Commission. No agreements covering the sale of the remaining \$250,000 have been made. It is the plan of the company to sell the \$250,000 of stock through its own organization. The price at which the \$250,000 of stock may be sold will be fixed by a supplemental order.

ORDER.

San Joaquin Light and Power Corporation having applied to the Railroad Commission for permission to issue and sell \$1,000,000 of its 7 per cent cumulative preferred stock, a public hearing having been held before Examiner Fankhauser, and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid

For by such issue is reasonably required by applicant for the purposes specified herein, and that the expenditures for such purposes are not in whole or in part reasonably chargeable to operating expenses or to income;

It is hereby ordered, that San Joaquin Light and Power Corporation be and it is hereby authorized to issue \$1,000,000 of its 7 per cent cumulative prior preferred stock.

The authority herein granted is subject to the following conditions:

1. Of the stock herein authorized to be issued, 7500 shares (\$750,000 par value) shall be sold for not less than \$93 per share. The remaining 2500 shares (\$250,000 par value) may be sold only for such price as the Railroad Commission will authorize by a supplemental order.

2. The proceeds realized from the sale of the stock herein authorized to be issued shall be used to reimburse applicant's treasury for, or to provide in part, the cost of making the additions, extensions, improvements or betterments (described in Exhibit "B") to its properties made, or to be made, subsequent to February 29, 1924, provided that only such part of said cost as is properly chargeable to fixed capital accounts, as defined by the uniform system of accounts prescribed or adopted by the Commission, and not heretofore financed through the issue of stock or bonds, may be financed with proceeds from the sale of stock herein authorized to be issued.

3. San Joaquin Light and Power Corporation shall keep such record of the issue, sale and delivery of the bonds herein authorized and of the disposition of the proceeds as will enable it to file on or before the twenty-fifth day of each month a verified report, as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

4. The authority herein granted will become effective upon the date hereof. None of said \$1,000,000 of stock may be issued, sold or delivered after March 1, 1925.

Dated at San Francisco, California, this nineteenth day of April, 1924.

DECISION No. 13443.

IN THE MATTER OF THE APPLICATION OF THE COUNTY OF LOS ANGELES, THE CITY OF LOS ANGELES, THE ATCHISON, TOPEKA AND SANTA FE RAILWAY COMPANY, THE LOS ANGELES AND SALT LAKE RAILROAD COMPANY, THE PACIFIC ELECTRIC RAILWAY COMPANY AND THE LOS ANGELES RAILWAY CORPORATION, FOR A JUST AND EQUITABLE APPORTIONMENT OF THE COST OF THE CONSTRUCTION OF SIX CERTAIN VIADUCTS ACROSS THE LOS ANGELES RIVER, IN THE SAID CITY OF LOS ANGELES AT MACY, ALISO, FIRST, FOURTH, SEVENTH AND NINTH STREETS,

Application No. 9671.

Decided April 21, 1924.

GRADE CROSSINGS—SEPARATION OF GRADES—COST APPORTIONED.—Construction of a viaduct across the Los Angeles River and tracks of The Atchison, Topeka and Santa Fe Railway Company and the Los Angeles and Salt Lake Railroad Company at Ninth street, in the city of Los Angeles, authorized to separate the grades of Ninth street and the tracks of said railroads. Leaving to future orders the question of apportioning the cost of maintenance of said Ninth street viaduct, and all matters pertaining to amount of track and yard changes in connection therewith, and all matters relative to other viaducts mentioned in the application, the Commission directed that the cost of said separation of grades and construction of said viaduct be apportioned to the county of Los Angeles, the city of Los Angeles, The Atchison, Topeka and Santa Fe Railway Company and the Los Angeles and Salt Lake Railroad Company, in the ratio of 25 per cent each.

Edward T. Bishop, County Counsel, by *Roy Dowds*, Deputy Counsel, for County of Los Angeles.

Jess E. Stephens, City Attorney, and *Milton Bryan*, Deputy City Attorney, for City of Los Angeles.

E. W. Camp, for The Atchison, Topeka and Santa Fe Railway Company.

A. S. Halsted, for Los Angeles and Salt Lake Railroad Company.

Frank Karr, for Pacific Electric Railway Company.

S. M. Haskins, for Los Angeles Railway Corporation.

BY THE COMMISSION.

OPINION.

This is a proceeding initiated by the joint application of the county of Los Angeles, the city of Los Angeles, The Atchison, Topeka and Santa Fe Railway Company, the Los Angeles and Salt Lake Railroad Company, the Pacific Electric Railway Company and the Los Angeles Railway Corporation, in which this Commission is asked to authorize the construction and to apportion the cost of six viaducts proposed to be constructed in the city of Los Angeles for the purpose of improving street traffic conditions and eliminating grade crossings of certain streets in Los Angeles over the tracks of the Santa Fe and Salt Lake railroads adjacent to the Los Angeles River.

The channel of the Los Angeles River traverses the city from north to south. On either side of this channel and adjacent and parallel thereto are the main line tracks of the Santa Fe and Salt Lake railroads. The channel and the adjacent tracks are crossed approximately at right angles by Macy, Aliso, First, Fourth, Seventh and Ninth streets. Bridges have been constructed and are maintained at each of these crossings. At First and Fourth streets the bridges are extended over the adjacent railroad tracks, but at the other crossings, the street, in each instance, is at grade with the steam railroad tracks at each end of the bridge. It is proposed in the present application to construct viaducts at each of these six crossings which will supplant the present river bridges, and will also in each case be extended so as to carry all pedestrian, vehicular and street car traffic over the tracks of the steam railroads.

Hearings in this matter were held at Los Angeles on February 6, and March 10, 1924, at which the applicants and other interested parties appeared and presented testimony dealing with the necessity for the

construction of the proposed viaducts and probable cost thereof. Preliminary location sketches of each of the viaducts were presented, and completed plans and specifications were submitted covering the proposed Ninth street viaduct. The Commission was asked to grant authorization, by preliminary order, for the immediate construction of the Ninth street viaduct in accordance with the plans which have been submitted, reserving for future consideration the detailed plans and other evidence (much of which will be submitted at later hearings) dealing with the other crossings.

The evidence before us indicates that the traffic crossing the Los Angeles River over the present structures is very heavy and is also increasing rapidly. It also appears that some of the present structures are old and of a character wholly inadequate to meet the present needs of travel. This is particularly true at the Ninth street crossing.

Evidence is also before us which shows that the grade crossings to be eliminated by the proposed viaducts are, under the present conditions, not only dangerous but are a source of great inconvenience to the traveling public, which is often delayed by reason of the train movements of the Salt Lake and Santa Fe railroads over these crossings.

A careful consideration of the detailed plans and specifications covering the Ninth street viaduct which have been submitted shows that the proposed structure will adequately and reasonably serve the convenience and necessity of the public. We see no possibility of interference by this proposed structure with any plan for the complete and comprehensive treatment of the grade crossing and traffic problem of the city of Los Angeles such as was proposed in prior proceedings before this Commission and in the proceedings now pending before the Interstate Commerce Commission, dealing with the erection of a new union passenger station. We shall, therefore, authorize the erection of the Ninth street viaduct by this order rather than await the production of detailed plans, specifications and estimates and other evidence pertaining to the other proposed viaducts.

The interest of the individual applicants in this proceeding is not the same in each of the six crossings. The city of Los Angeles, the county of Los Angeles, The Atchison, Topeka and Santa Fe Railway Company and the Los Angeles and Salt Lake Railroad Company, by reason of the grade crossing elimination which is contemplated, are affected by all of the proposed viaducts. The Los Angeles Railway Corporation, however, in the operation of its street railway system, has tracks at the present time over the bridges at Macy, First, Fourth and Seventh streets, but does not operate over the Aliso and Ninth street crossings. The Pacific Electric Railway Company operates at the present time only over the Aliso street crossing.

The four applicants directly affected by the Ninth street crossing, namely, the county of Los Angeles, the city of Los Angeles, The Atchison, Topeka and Santa Fe Railway Company and the Los Angeles and Salt Lake Railroad Company, have agreed to share equally in the cost of construction of this viaduct, and have filed in the proceeding a written agreement to this effect. The Commission will accept the apportionment thus agreed upon by the parties affected as the basis for its order in this instance. This agreement, however, does not cover future cost of maintenance of the proposed viaduct, and insufficient evidence has been submitted to enable the Commission to make an order for the apportionment of such maintenance. This matter will, therefore, be reserved for further consideration in this proceeding.

The construction of all six of the proposed viaducts involves changes in the tracks and yards of the Santa Fe and Salt Lake companies, as well as possible changes in their general facilities. The agreement in question provides that the cost of said changes shall be treated as a part of the cost of construction of the Ninth street viaduct. It is not possible, however, at this time to allocate to the Ninth street viaduct a specific part of the cost of such changes, and the matter of such allocation will therefore be also reserved for further consideration in this proceeding.

ORDER.

Application having been made to this Commission for authority to construct six viaducts across the bed of the Los Angeles River and adjacent railroad tracks, for the approval of plans and specifications, and for an apportionment of the cost thereof among the several interested parties, as more particularly described in the above opinion; public hearings having been held and it appearing that the public interest would be served by the immediate construction of the projected viaduct across the river and tracks at Ninth street, in regard to which this matter has been duly submitted:

Now, therefore, as a preliminary order in this proceeding, and reserving for further consideration in a future order or orders the subjects of the apportionment of the cost of maintenance of said Ninth street viaduct, of the amount of track and yard changes which may ultimately be declared to pertain to and be paid for as a part of this particular viaduct construction, and all matters relative to the construction, maintenance and apportionment of cost of the other viaducts mentioned in the application herein;

It is hereby ordered, that the county of Los Angeles, the city of Los Angeles, The Atchison, Topeka and Santa Fe Railway Company and the Los Angeles and Salt Lake Railroad Company be and they are hereby authorized and directed to separate the grades of Ninth

street in the city of Los Angeles and the tracks of said railroads which at the present time cross said Ninth street adjacent to the channel of the Los Angeles River in said city, in substantial accordance with the plans and specifications for a viaduct across said river at said Ninth street which have heretofore been filed with this Commission in the above entitled proceeding and marked "City's Exhibits, Numbers 8A to 8J, inclusive." Minor changes in said plans and specifications not materially affecting the general character of the work may be made upon the written approval of the chief engineer of the Railroad Commission without formal modification of this order.

It is hereby further ordered, that the cost of said separation of grades and of the construction of said viaduct, including such installation expenses and the cost of changes in tracks and yards of the railroads upon the east and west banks of the Los Angeles River as may, by further order or orders herein, be allocated to this particular viaduct, be and the same shall be paid as follows:

- Twenty-five per centum (25%) by the county of Los Angeles.
- Twenty-five per centum (25%) by the city of Los Angeles.
- Twenty-five per centum (25%) by The Atchison, Topeka and Santa Fe Railway Company; and
- Twenty-five per centum (25%) by the Los Angeles and Salt Lake Railroad Company.

It is further ordered, that the interested parties may agree that one of them shall acquire the necessary lands, settle claims for damages, and make contracts for the construction of said viaduct. Should they fail to agree in this regard, such disagreement shall be reported to the Commission, whereupon an appropriate order will be entered.

It is hereby further ordered, that this order be and the same shall be subject to the following conditions:

1. Clearances in this grade separation shall conform to this Commission's General Order No. 26.
2. Applicants shall cause to be filed with the Commission monthly reports of progress, with costs, during the period of construction, such reports to contain such information and data as may be required by the Commission.
3. The Commission reserves the right to make such further orders relative to the construction, operation and maintenance of said grade separation as it may hereafter deem right and proper.
4. If said viaduct shall not have been installed within one year from the date of this order, the authorization herein granted shall then lapse and become void, unless further time is granted by subsequent order.

The effective date of this order shall be five (5) days from and after the date hereof.

Dated at San Francisco, California, this twenty-first day of April, 1924.

DECISION No. 13452.

IN THE MATTER OF THE APPLICATION OF PACIFIC GAS AND ELECTRIC COMPANY, A CORPORATION, FOR AN ORDER OF THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA AUTHORIZING APPLICANT TO INCREASE ITS RATES AND CHARGES FOR ELECTRIC ENERGY.

Application No. 5567

And Consolidated Proceedings, Application No. 3602,
Cases Nos. 748, 840, 930, 934, 996, 1203 and 1669.

IN THE MATTER OF THE APPLICATION OF GREAT WESTERN POWER COMPANY OF CALIFORNIA FOR AN ORDER AUTHORIZING AN INCREASE IN RATES.

Application No. 5585

And Consolidated Proceedings, Cases Nos. 931, 1204 and 1669.
Decided April 21, 1924.

BY THE COMMISSION.

SUPPLEMENTAL ORDER.

The Railroad Commission having on the twenty-fifth day of March, 1924, by Decision No. 13316, in the above entitled matters, directed Pacific Gas and Electric Company and Great Western Power Company of California to file schedules of rates as set forth in said Decision No. 13316, and certain minor changes in the wording of the schedules so set forth now appearing desirable;

It is hereby ordered, that Pacific Gas and Electric Company and Great Western Power Company of California be and they are authorized to modify the schedules of rates set forth in Decision No. 13316 in the following particulars:

1. Schedule L-4, which now contains no rate for 400-watt multiple street lights, may be modified by the addition of a rate for 400-watt multiple street lights of \$5 per month for all-night service with a corresponding reduction of 17 cents per month for each hour of reduction in nightly service.

2. In Schedule C-3 the paragraph entitled "Minimum Charge" may be modified to read as follows:

The Demand Charge will be not less than that based on 50 per cent of the maximum demand created during the preceding eleven months and in no case less than \$12 per month.

3. In Schedule C-3 the first paragraph of special condition "A" as it appears in said Decision No. 13316 may be modified to read as follows:

(a) The maximum demand will, except as provided for under special condition (b), be measured by demand meters or indicators to be furnished and installed by the company.

4. In Schedule C-3 the third paragraph of special condition "A" as it appears in said Decision No. 13316 may be eliminated and in lieu thereof special condition "B" may be substituted, reading as follows:

(b) Where the power installation does not exceed 50 horsepower, the company will normally fix the demand on the following basis:

One hundred per cent of the rated capacity of the largest motor installed, plus 60 per cent of the rated capacity of all additional motors and other energy consuming devices installed.

The consumer may exercise the option of having the demand determined by a demand meter, by advising the company to that effect in writing, and the change will be made effective as of the next regular meter reading subsequent to date of notice. The company may, on notice to the consumer, exercise the option of determining the maximum demand by instruments or test.

5. In Schedule P-1 the descriptive title as it appears in said Decision No. 13316 may be modified to read as follows:

General Power Service:

Applicable to general commercial and industrial power service and to commercial heating and cooking service and rectifier service. Alternating current service will be supplied at any standard voltage from 110 to 2200 volts in accordance with Rule and Regulation No. 2 (b). D. C. service may be obtained when available at the voltage as available. Schedule P-2 is optional with this schedule for alternating current service.

6. In Schedule P-1 the provision entitled "Minimum Charge" as it appears in said Decision No. 13316 may be modified to read as follows:

First 50 horsepower of connected load, \$1 per horsepower per month, but in no case less than \$2 per month.

All over 50 horsepower of connected load, 65 cents per horsepower per month.

When the primary use of power is seasonal, the minimum charge may, at the option of the consumer, be made accumulative over a twelve months' period.

7. Pacific Gas and Electric Company shall continue in effect its Schedule L-5 as heretofore filed with this Commission upon rate sheet No. 317-E, which Schedule L-5 was not specifically mentioned in said Decision No. 13316.

Dated at San Francisco, California, this twenty-first day of April, 1924.

DECISION No. 13453.

IN THE MATTER OF THE APPLICATION OF WESTERN STATES GAS AND ELECTRIC COMPANY, A CORPORATION, FOR AN ORDER INCREASING ITS ELECTRIC RATES IN ITS STOCKTON DIVISION.

Application No. 6886.

IN THE MATTER OF THE INVESTIGATION ON THE COMMISSION'S OWN MOTION INTO THE REASONABLENESS OF RATES OF THE WESTERN STATES GAS AND ELECTRIC COMPANY FOR SERVICE OF GAS IN THE CITY OF STOCKTON.

Case No. 1664.

Decided April 21, 1924.

BY THE COMMISSION.

SUPPLEMENTAL ORDER.

The Railroad Commission having on the twenty-seventh day of March, 1924, by Decision No. 13332, ordered Western States Gas and Electric Company to file certain schedules of rates as set forth in said decision, and certain minor changes in such schedules now appearing desirable;

It is hereby ordered, that Western States Gas and Electric Company be and it is authorized to modify the schedules of rates set forth in Decision No. 13332 in the following particulars:

1. Schedule L-3, which now specifies no rate for 400-watt multiple street lamps, may be modified by the addition of a rate for 400-watt multiple street lamps of \$5 per month for all-night service with a reduction of 17 cents per month for each hour of reduction in nightly service.

2. In Schedule P-1 the descriptive title as it appears in said Decision No. 13332 may be modified to read as follows:

General Power Service:

Applicable to general commercial and industrial power service and to commercial heating and cooking service and rectifier service. Alternating current service will be supplied at any standard voltage from 110 to 2200 volts in accordance with Rule and Regulation No. 2 (b). D. C. service may be obtained when available at the voltage as available. Schedule P-2 is optional with this schedule for alternating current service.

3. In Schedule P-1 the provision entitled "Minimum Charge" as it appears in said Decision No. 13332 may be modified to read as follows:

First 50 horsepower of connected load, \$1 per horsepower per month, but in no case less than \$2 per month.

All over 50 horsepower of connected load, 65 cents per horsepower per month.

When the primary use of power is seasonal, the minimum charge may, at the option of the consumer, be made accumulative over a twelve months' period.

4. In Rate "A" of Schedule P-3 the words "In no case will the total annual demand be less than \$13.20," as appearing in said Decision No. 13332, may be amended to read:

In no case will the total annual demand charge be less than \$13.20 for single-phase service, nor less than \$30 for three-phase service.

5. In Rate "B" of Schedule P-3 the words "In no case will the total minimum charge be less than \$27 per year," now appearing in said Decision No. 13332, may be modified to read:

In no case will the total minimum charge be less than \$27 per year for single-phase service nor less than \$40 per year for three-phase service.

Dated at San Francisco, California, this twenty-first day of April, 1924.

DECISION No. 13454.

IN THE MATTER OF THE APPLICATION OF MOTOR TRANSIT COMPANY FOR AN ORDER DEFINING AND VALIDATING CERTAIN PRIORITY AUTOMOBILE STAGE LINE OPERATING RIGHTS OWNED AND NOW BEING EXERCISED BY APPLICANT FOR THE CARRIAGE OF PASSENGERS, BAGGAGE, AND EXPRESS MATTER OVER VARIOUS FIXED ROUTES AND HIGHWAYS AND BETWEEN CERTAIN DEFINITE TERMINI IN SOUTHERN CALIFORNIA (AND FREIGHT OVER APPLICANT'S MOUNTAIN DIVISION): FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY AUTHORIZING APPLICANT TO CONTINUE TO CONDUCT SAID OPERATIONS (BOTH LOCAL AND THROUGH) OVER SUCH OF ITS EXISTING ROUTES, IF ANY, AS TO WHICH THE COMMISSION MAY FIND APPLICANT HAS NO PRIORITY OR CERTIFICATE OPERATING RIGHTS; AND FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY AUTHORIZING APPLICANT TO OPERATE ALL OF ITS EXISTING STAGE LINE SERVICE AS A UNIFIED SYSTEM FURNISHING SERVICE FROM AND TO EVERY POINT THEREON, AS WELL AS FOR THE INTERCHANGE OF BUSINESS BETWEEN APPLICANT'S LINES AND THE LINES OF OTHER CARRIERS WITH WHICH APPLICANT CONNECTS; TO GENERALLY DEFINE, FIX AND DETERMINE APPLICANT'S OPERATING RIGHTS; AS WELL AS FOR SUCH OTHER ORDERS IN THE PREMISES AS THE COMMISSION SHALL DEEM PROPER.

Application No. 8454.

IN THE MATTER OF THE APPLICATION OF PACKARD STAGE LINE FOR CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY TO EXTEND PRESENT SERVICE TO THAT OF SERVING LOCALLY THE TERRITORY BETWEEN LOS ANGELES AND LANCASTER

Application No. 8525.

Decided April 22, 1924.

CERTIFICATES—AUTO STAGES—AUTHENTICATION OF OPERATIVE RIGHTS.—Held, that in an application for authentication of operative rights as existing by reason of operation on May 1, 1917, or as subsequently acquired by authorized transfer or certificate of the Railroad Commission, the provisions of tariffs and time schedules as filed with the Railroad Commission on May 1, 1917, are the best evidence as to the holding out to the public of service by the carrier as to rates, points served, character of passenger or property carriage proposed, and that as regards rights claimed by reason of operation on May 1, 1917, and as authorized by transfer or subsequently acquired by certificate of public convenience and necessity that no expansion of rights as to the carriage of persons or property or for the serving of additional or intermediate points can be made by carriers unless and until an affirmative showing is made on a proper application that public convenience and necessity justify the desired expansion of service. The conclusion and opinion of the Commission as to its interpretation of the provisions of chapter 213, Statutes of 1917, and effective amendments is restated in the opinion in these proceedings, such opinion and an

order based thereon having heretofore been sustained by the California Supreme Court in its decision of September 19, 1922, in Case S. F. No. 10099 (64 Cal. Dec. 278).

EXPANSION OF OPERATIONS—CERTIFICATES REQUIRED.—Held, that the expansion of operative rights either as to persons or property proposed to be transported, or as to the addition of new intermediate points not authorized by the fact of operation as of May 1, 1917, or subsequent certificate of public convenience and necessity issued by the Railroad Commission can not be accomplished or acquired by the filing of tariffs and time schedules in which enlarged rights appear; that the approval of the Commission under the provisions of Rules 10 and 11 of its General Order No. 51 is given as regards changes of rates or the publication of tariffs on less than the statutory notice and that the Commission is without authority to grant, or the carrier to acquire, any enlargement or expansion of operative rights by the acceptance of a tariff or schedule filing, the statute providing that a certificate of public convenience and necessity be obtained following proper application and decision thereon.

JOINING OF OPERATIVE RIGHTS—PROOF REQUIRED.—Held, that the joining of operative rights to permit the operation of a unified system requires affirmative proof as to the public convenience and necessity existing for unification and in the absence of affirmative proof, such portion of the application is denied.

THROUGH SERVICE.—Held, that an application seeking authority to sell through tickets or to route through shipments of property by connections with the lines of all carriers with which a carrier now connects, or may in the future desire to connect, can not be considered in the absence of connecting carriers as parties to the application and as such subscribing to their willingness to participate in the through rates for the carriage of persons or property and to the basis of division to accrue under the through rate.

EXCESS FARE SERVICE—NEED NOT SHOWN.—Held, that the public convenience and necessity do not require the establishment of through service by automobiles of the touring car type between Los Angeles and San Bernardino mountain resorts, such service having been proposed on an excess fare basis as regards the rate between Redlands or San Bernardino and the mountain resort points, there having been no showing as to the inability of the present carriers—railroad, electric railroad and by automobile stage—to satisfactorily care for all traffic demands on the portion of the proposed route between Los Angeles and San Bernardino.

Kidd and Hardy, by *H. W. Kidd*, for Motor Transit Company, Applicant in Application No. 8454 and as Protestant in Application No. 8525.

Clyde Bishop, for A. B. Watson, Proprietor Crown Stages, Protestant in Application No. 8454.

Warren E. Libby, for Boulevard Express, Protestant in Application No. 8454.

Warren E. Libby and *J. E. McCurdy*, for Pickwick Stages, Incorporated, Protestant in Application No. 8454.

Mark Thompson and *A. B. Roehl*, for American Railway Express Company.

Clyde R. Moody, for Original Stage Line.

W. H. Powell, for Packard Stage Line, Applicant in Application No. 8525 and Protestant in Application No. 8454.

H. A. Decker, City Attorney, for City of San Fernando.

C. C. Hayworth, for Kern County Transportation Company, Protestants in Application No. 8454.

Declin and Brookman, by *Frank R. Declin*, for Franchise Carriers' Association, Protestant in Application No. 8454.

K. F. Beyerle, Proprietor Murrietta Mineral Hot Springs Auto Line, Protestant in Application No. 8454.

C. W. Cornell and *O. A. Smith*, for Pacific Electric Railway Company, Protestant in Application No. 8454.

C. W. Cornell, *J. E. Lyons*, *H. H. Gogarty*, *L. N. Bradshaw* and *Fred E. Watson*, for Southern Pacific Company.

A. L. Whittle, for San Francisco-Oakland Terminal Railways.

Walter Boyd, for Boyd and Mattly Stage Line, Protestant in Application No. 8454.

E. T. Lucey, for The Atchison, Topeka and Santa Santa Fe Railway Company, Protestant in Application No. 8454.

BY THE COMMISSION.

OPINION.

In Application No. 8454, as amended, applicant, Motor Transit Company, a corporation, petitions for an order of this Commission outlining and defining the nature, extent and scope of all priority rights together with the limitations existing in connection with such rights; granting a certificate of public convenience and necessity authorizing the continuance of service by applicant over any routes, or portions of routes, which may be found by the Commission to be operated without valid rights; authorizing applicant to join and hereafter operate all separate operative rights as one unified system; defining the nature, scope and extent of all priority rights for the transportation of express matter and granting, if such rights are not found to exist or are limited in their extent, a certificate authorizing applicant to carry express matter over all routes and between all points covered by applicant's system; to define the freight rights of applicant as now operated on its so-called mountain division; to define the nature, scope and extent of the right of applicant to exchange passengers, baggage and express with all other carriers with whom applicant has heretofore maintained connecting service and if it be found that such rights do not now exist, for any reason, to authorize by certificate the continued exchange of business between applicant and the other connecting carriers; to authorize applicant to exercise the rights and privileges granted by Decision No. 11257 on Application No. 6754 (defining the nature, scope and extent of the operating rights of G. & W. Stage Company as of May 1, 1917, and approving the transfer and sale of such operating rights to applicant herein) as a portion of the proposed unified system of applicant, and that public convenience and necessity require the removal of a restriction contained in this Commission's Decision No. 11611 on Application No. 8054, prohibiting the joining of operative rights thereby granted with the operative rights of applicant and particularly with the lines at Loma Linda and Riverside; to remove the restrictions contained in this Commission's Decision No. 10342 on Application No. 7204, such restrictions prohibiting applicant from carrying through passengers or express matter from Corona to Los Angeles or from Los Angeles to Corona; and to authorize by appropriate certificate the carriage of passengers, baggage and express matter between Pomona and Chino and to link up said proposed service with the proposed unified system of applicant.

K. F. Beyerle, L. J. Austin, C. A. Sansome, R. W. Wilson, T. E. Hutson and W. H. Powell, copartners, operating under the fictitious name of Packard Stage Line, have petitioned the Railroad Commission for an order declaring that public convenience and necessity require

the operation by them of automobile stage service between Los Angeles and Lancaster, serving as intermediate points the communities of Newhall, Saugus, Vincent and Palmdale.

Public hearings on the above applications were conducted by Examiner Handford at Los Angeles, the matters were by stipulation consolidated for the purpose of receiving evidence and for decision, were duly submitted on briefs filed by interested counsel and are now ready for decision.

The Motor Transit Company, a corporation, applicant herein, conducts its present operation over the following divisions and routes:

I. Eastern Division—

- (a) Los Angeles to Ontario to Riverside.
- (b) Los Angeles to Ontario to San Bernardino to Redlands.
- (c) Ontario to Bloomington to Colton to San Bernardino.
- (d) Ontario to Cucamonga to Guasti.
- (e) Pomona to Chino to Ontario.
- (f) Pomona to Chino to Corona.

II. Mountain Division—

Operation in the San Bernardino Mountains from the terminals of San Bernardino and Redlands serving all Big Bear Valley points and all Arrowhead Lake (formerly known as Little Bear Valley) points, such operation conducted over the following routes:

- (a) Mill Creek Route.
- (b) City Creek Route.
- (c) Waterman Canyon Route.
- (d) Via Hesperia and the Desert Route.
- (e) Via Victorville and the Desert Route.

NOTE.—Routes "d" and "e" are operated during the winter months or when road conditions on other routes make the diversions to the desert routes advisable.

III. Northern Division—

- (a) Los Angeles to Bakersfield and Taft via Ridge Route.
- (b) Los Angeles to Palmdale and Lancaster via Boquet Canyon Route.
- (c) Los Angeles to Palmdale and Lancaster via Mint Canyon Route.

IV. Southern Division—

- (a) Los Angeles (via Whittier Boulevard, Santa Ana, Orange and the Coast Route) to San Diego.
- (b) Los Angeles (via Long Beach, Santa Ana and the Coast Route) to San Diego.
- (c) Los Angeles (via Telegraph Road, Santa Fe Springs, Norwalk, Buena Park, Garden Grove, Santa Ana and the Coast Route) to San Diego.
- (d) Los Angeles to Downey and the Los Angeles County Farm.
- (e) Los Angeles (via Whittier Boulevard) to Anaheim.

The operative rights of applicant, Motor Transit Company, as appearing from the records of the Commission, are based on the following facts as established by the records of this Commission.

I. EASTERN DIVISION.

- (A) Los Angeles to Ontario to Riverside.

On May 1, 1917, the A. R. G. Bus Company was operating automobile stages as a common carrier of passengers between Los Angeles and

Riverside, serving as intermediate points the communities of Ramona Acres, San Gabriel boulevard, Savanna, El Monte, Pico road, Bassett, Puente, Otterbein, Walnut, Spadra, Pomona, Narod, Ontario, and Wineville. (Authority—Local Passenger Tariff No. 1, C. R. C. No. 1, issued February 26, 1917, effective March 1, 1917, by A. R. G. Bus Company, by E. S. Good, general manager.) This tariff contained no rates for the transportation of parcels, baggage, express or other property.

The rights acquired by operation in good faith as of May 1, 1917, and as outlined above, were acquired by applicant, Motor Transit Company, from O. R. Fuller, as approved by this Commission's Decision No. 7807, on Application No. 5543, decided June 28, 1920.

(B) Los Angeles to Ontario to San Bernardino to Redlands.

On May 1, 1917, Truston Clark, operating under the fictitious name of Clark's Bus Line, was operating automobile stages as a common carrier of passengers between Los Angeles and San Bernardino, serving as intermediate points the communities of Pomona, Ontario and Etiwanda, and locally between Pomona and Chino. (Authority—Local Passenger Tariff No. 1 of Clark's Bus Line, C. R. C. No. 1, issued February 24, 1917, effective March 1, 1917.) No rates covering the transportation of baggage, parcels, express or other property appeared in the foregoing tariff. Motor Transit Company, applicant herein, acquired this operative right by purchase from O. R. Fuller as duly authorized by this Commission's Decision No. 6306, on Application No. 4539, as decided on May 10, 1919. This authority included not only the operative rights as originally effective by reason of regular operation as of May 1, 1917, by Truston Clark, but also the rights conferred by the Commission's Decisions Nos. 5166 and 5722, on Application No. 3457, decided February 27, 1918, and August 26, 1918, granting to O. R. Fuller a certificate of public convenience and necessity to operate an automobile stage service as a common carrier of passengers between Los Angeles and San Bernardino via Pomona and Ontario, and between Pomona and Chino. No authority was obtained by this decision for operative rights covering the transportation of baggage, parcels, express or other property for compensation.

(C) Ontario to Bloomington to Colton to San Bernardino.

The operating rights over the foregoing territory are those authorized by this Commission's Decision No. 9395, on Application No. 6904, decided August 23, 1921, and granting a certificate of public convenience and necessity for the transportation of passengers and express over the following route:

Beginning at a point two miles east of Colton, where Colton avenue intersects the paved highway from San Bernardino to Redlands, thence westerly along Colton

avenue to Bloomington, thence westerly over the Valley boulevard, also known as the Ocean to Ocean highway, to Cucamonga station, and vice versa.

The order in this decision contained a requirement as follows:

That applicant, Motor Transit Company, shall at all times operate its local service between Redlands and San Bernardino and Bloomington to and from Alder avenue in Bloomington.

(D) Ontario to Cucamonga to Guasti.

The operating rights in the foregoing territory are those authorized by operation by Clark Bus Line, under the ownership of Truston Clark, as of May 1, 1917, as being a territory intermediate between Ontario and San Bernardino and covered by Local Passenger Tariff No. 1 of Clark's Bus Line, issued February 24, 1917, effective March 1, 1917, and rights thereby acquired, passing to Motor Transit Company, applicant herein, by Decision No. 6306, on Application No. 4539, and Decisions Nos. 5166 and 5722, on Application No. 3457 (hereinabove specifically referred to in paragraph "B"); and as to Cucamonga by the operative rights of the A. R. G. Bus Company as existing on May 1, 1917, and heretofore transferred to applicant, Motor Transit Company, under the approval of this Commission as contained in its Decision No. 7807, on Application No. 5543 (hereinabove specifically referred to in paragraph "A"). Neither of the authorizations covering operative rights in the above named territory covered the transportation of baggage, parcels, express or other property for compensation.

(E) Pomona to Chino to Ontario.

The operative rights in the foregoing territory are those authorized by operation by Truston Clark, under the fictitious name of Clark's Bus Line, as of May 1, 1917, and as covered by Local Passenger Tariff No. 1 of Clark's Bus Line, issued February 24, 1917, effective March 1, 1917, and rights thereby acquired, passing to applicant, Motor Transit Company, by Decision No. 6306, on Application No. 4539, and Decisions Nos. 5166 and 5722, on Application No. 3457 (hereinabove specifically referred to in paragraph "B"); and as authorized by the operative rights of A. R. G. Bus Company as existing on May 1, 1917, and heretofore transferred to applicant, Motor Transit Company, under the approval of this Commission, as contained in its Decision No. 7807, on Application No. 5543 (hereinabove specifically referred to in paragraph "A"); and also to those authorized by this Commission in its Decision No. 9203, on Application No. 6792, as decided July 2, 1921, in which authority was granted to discontinue service between Narod and Chino and to substitute therefor service between Pomona, Chino and Ontario over a new route as follows:

By operating in a generally southerly direction from Pomona, over Garey avenue, for a distance of approximately one and three-quarters miles to the intersection of said Garey avenue with Philadelphia street, thence in a general easterly direction

over Philadelphia street, a distance of approximately one and one-half miles to the intersection of said Philadelphia street with the main northerly and southerly highway and thence in a general southerly direction over said unnamed highway, a distance of about one and one-quarter miles to Riverside drive, and thence easterly over Riverside drive a distance of approximately two miles to Central avenue, Chino, and thence over Central avenue in a southerly direction, a distance of one-half mile to the downtown portion of Chino, and leaving Chino in a general southerly direction to Chino avenue, a distance of approximately three-eighths of a mile, and thence in a generally easterly direction over said Chino avenue, a distance of approximately two miles to its intersection with Euclid avenue, and thence in a general northerly direction over Euclid avenue to the downtown portion of Ontario, a distance of approximately four and one-half miles.

None of the foregoing authorizations provide for the handling of baggage, parcels, express or property for compensation.

(F) Pomona to Chino to Corona.

The operative rights in the foregoing territory, as regards the portion between Pomona and Chino, are identical with the rights herein specifically referred to in the preceding paragraph (E). Rights between Pomona and Corona, via Chino, are those authorized by the certificate granted by the Commission in its Decision No. 10342, on Application No. 7204, as decided April 21, 1922, in which authority was granted for the operation of an automobile stage line as a common carrier of passengers and express matter between Pomona and Corona, via Chino, prohibiting, however, the carriage of passengers or express matter over the route herein authorized when such passengers or express matter originated at Los Angeles and were destined to Corona, or vice versa.

II. MOUNTAIN DIVISION.

The operative rights on the so-called Mountain Division are those originating by the operation on May 1, 1917, of automobile stages and trucks as common carriers of passengers, baggage and freight by Max Green, Percy H. Green and Mrs. Kirk R. Phillips, a copartnership, operating under the fictitious name of San Bernardino Mountain Auto Line, in accordance with Local Passenger Tariff No. 1, C. R. C. No. 1, issued March 24, 1917, effective April 1, 1917; and Local Freight Tariff No. 1, C. R. C. No. 1, issued March 24, 1917, and effective April 1, 1917. These tariffs covered operation between San Bernardino and Redlands and San Bernardino Mountain points via Crest, Mill Creek Canyon and Victorville routes. Also by authority contained in this Commission's Decision No. 5258, on Application No. 3408, as decided April 1, 1918, granting to Max Green, P. H. Green and Mrs. Kirk R. Phillips, a copartnership, operating under the fictitious name of San Bernardino Mountain Auto Line, a certificate of public convenience and necessity to operate as a common carrier of passengers, freight and express packages between Forest Home Junction, Forest Home and intermediate points, all in San Bernardino County.

Also by authority contained in this Commission's Decision No. 6717, on Application No. 4975, decided October 2, 1919, granting to Max Green, P. H. Green and Mrs. Kirk R. Phillips, a copartnership, operating under the fictitious name of San Bernardino Mountain Auto Line, a certificate of public convenience and necessity to operate an automobile stage and truck service as a common carrier of passengers, freight, baggage and express between San Bernardino, Highlands, Fredalba, Fredalba Junction and intermediate points, including also operations over the City Creek road between the city of Highlands and Fredalba Junction.

This Commission by its Decision No. 7280, on Application No. 5429, decided March 18, 1920, authorized the transfer of all the operating rights hereinabove found to be in possession of Max Green, Percy H. Green and Mrs. Kirk R. Phillips, a copartnership, operating under the fictitious name of San Bernardino Mountain Auto Line, to O. R. Fuller.

This Commission by its Decision No. 8886, on Application No. 6299, decided April 20, 1921, authorized the transfer of all operating rights theretofore acquired by O. R. Fuller under the authority of Decision No. 7280 to applicant, Motor Transit Company.

III. NORTHERN DIVISION.

(A) Los Angeles to Bakersfield and Taft via the Ridge Route.

The operative rights in the foregoing territory are those authorized by operation as of May 1, 1917, by Eldorado Stage Company in accordance with its Local Passenger Tariff No. 1, C. R. C. No. 1, issued February 28, 1917, effective March 1, 1917, and covering operation from Los Angeles via San Fernando boulevard, Ridge route and state highway to Bakersfield and Taft, serving as intermediate points the communities at Castaic, Ridge Garage, Oak Flat, Liebra, Gripper's Camp, Sandbergs, Bailey's Ranch, Gormans, Lebec, Grapevine, Rose Station and Maricopa. No property was provided to be carried under this tariff except baggage, which was to be carried free up to a weight of fifty (50) pounds and a rate of two (2) cents per pound for weight exceeding fifty (50) pounds, with a maximum weight limit of one hundred fifty (150) pounds and a maximum capacity limit of six (6) cubic feet. In Local Passenger Tariff No. 4, C. R. C. No. 4, issued November 1, 1917, effective November 10, 1917 (canceling Local Passenger Tariff No. 1, C. R. C. No. 1), the Eldorado Stage Company eliminated the excess baggage rates by the following notation in its Rules and Regulations:

4. *Baggage.* Fares named in this tariff do not include the transportation of baggage. Baggage will not be checked and none will be handled except such hand baggage as can be cared for by passenger without inconveniencing other passengers. This company will not be responsible for loss or damage of hand baggage.

The operative rights of Eldorado Stage Company were acquired by Motor Transit Company as approved by this Commission in its Decision No. 8210, on Application No. 5964, Decided October 6, 1920.

(B) Los Angeles to Palmdale and Lancaster via Boquet Canyon Route.

(C) Los Angeles to Palmdale and Lancaster via Mint Canyon Route.

The operating rights in the foregoing territory are those authorized by operation on May 1, 1917, by Antelope Valley Transportation Company (also known as The Blue Line Stage), in accordance with Local Passenger Tariff No. 1, C. R. C. No. 1, issued February 23, 1917, effective March 1, 1917, and covering passenger transportation between Los Angeles and Lancaster, serving the intermediate communities of Saugus, Acton and Palmdale. No rates for the transportation of baggage, parcels or express were contained in this tariff.

The operative rights originating as above were acquired by Motor Transit Company by authorization as contained in this Commission's Decision No. 7157, on Application No. 5348, decided February 20, 1920. This authorization covered the transfer of two distinct operative rights, which were as follows:

1. Leaving from the Rosslyn hotel at the corner of Fifth and Main streets in the downtown portion of the city of Los Angeles, and proceeding north through said downtown section of said city to Sunset boulevard; thence in a general westerly direction over said boulevard to its intersection with Hollywood boulevard; thence in a generally westerly direction on said Hollywood boulevard to its intersection with Cahuenga avenue, thence in a general northerly direction over said Cahuenga avenue and Cahuenga Pass to Universal City; thence over the boulevard to and through the city of Lankershim to the so-called San Fernando boulevard; thence over said last named boulevard to and through the city of San Fernando; thence over said boulevard to and through the city of Newhall; and thence over said boulevard to and through the town or city of Saugus; and thence over said boulevard through Boquet Canyon and to a certain corner of said highway commonly known as the "School House Corner"; and thence via the Leonis Valley to Palmdale; and thence over the boulevard to Lancaster, the terminus of said route. And returning from said city of Lancaster to the city of Los Angeles over the same route.

2. From the Rosslyn hotel at the corner of Fifth and Main streets in the downtown portion of the city of Los Angeles, and proceeding north through said downtown section of said city, via North Broadway to Avenue Twenty in said city; thence on said Avenue Twenty to the so-called San Fernando road or highway; thence over said boulevard to and through the towns, cities and communities of Tropic, Glendale, West Glendale, Burbank, San Fernando and Newhall to Saugus; thence through Saugus over the Mint Canyon highway or boulevard to and through the towns, cities and communities of Acton and Vincent to Palmdale; and thence through Palmdale via the boulevard to Lancaster, the terminus of said route; and returning to Los Angeles over the same route.

IV. SOUTHERN DIVISION.

(A) Los Angeles (via Whittier Boulevard, Santa Ana, Orange and Coast Route) to San Diego.

The operative rights in the foregoing territory are those authorized by reason of operation on May 1, 1917, by A. R. G. Bus Company in

accordance with Local Passenger Tariff No. 1, C. R. C. No. 1, issued February 1, 1917, effective March 1, 1917, and covering fares between Los Angeles and San Diego and the intermediate stations of San Juan Capistrano, Oceanside, Del Mar, and La Jolla. Supplement No. 2 to Local Passenger Tariff No. 1 (Supplement No. 2 to C. R. C. No. 1), issued October 18, 1917, effective October 22, 1917, adds local points on this route as follows: Montebello, Whittier, La Habra, Fullerton, Anaheim and Santa Ana.

Neither of the above tariffs carry any rates for the transportation of baggage, parcels, express or other property. Applicant, Motor Transit Company, acquired the hereinabove operative rights by authority approving a transfer as contained in this Commission's Decision No. 8384, on Application No. 6298, decided November 27, 1920.

(B) Los Angeles (via Long Beach, Santa Ana, Orange and the Coast Route) to San Diego.

The operative right in the foregoing territory is that authorized by this Commission in its Decision No. 8465, on Application No. 5105, decided December 20, 1920, and granting to O. R. Fuller, or Motor Transit Company as his lessee, a certificate of public convenience and necessity to operate an automobile stage line

as a common carrier of passengers and baggage between Los Angeles, Long Beach and points south of Santa Ana, to and including San Diego, but said applicant or its said lessee shall not transport local passengers between Los Angeles and Long Beach or points intermediate thereto, or between any of said points or intermediate points on the one hand and points east or north of Los Angeles which are served by said applicant or his said lessee or served by the Pacific Electric Railway Company on the other hand.

(C) Los Angeles (via Telegraph Road, Santa Fe Springs, Norwalk, Buena Park, Garden Grove, Santa Ana and the Coast Route) to San Diego.

The operative rights in the foregoing territory are those authorized by reason of operation on May 1, 1917, by A. R. G. Bus Company in accordance with Local Passenger Tariff No. 1, C. R. C. No. 1, issued February 1, 1917, effective March 1, 1917, and covering fares between Los Angeles and San Diego and the intermediate communities of San Juan Capistrano, Oceanside, Del Mar and La Jolla. No rates were carried in this tariff for the transportation of baggage, parcels, express or other property.

Applicant, Motor Transit Company, acquired the hereinabove operative rights by authority approving a transfer as contained in this Commission's Decision No. 8384, on Application No. 6298, decided November 27, 1920. Also the rights authorized by this Commission's Decision No. 7656, on Application No. 5504, as decided June 1, 1920, and granting to the White Bus Line, as lessee from O. R. Fuller,

authority to deviate from the route covered by the order of this Commission in its Decision No. 7082, of February 5, 1920, on Application No. 5290, in the following particulars and under the following conditions:

It is hereby ordered, that the route and operating rights described in the order in Decision No. 7082 of February 5, 1920, in Application No. 5290, be and they are hereby so modified that vehicles used in the Los Angeles-San Diego service, which are fully loaded upon leaving the Los Angeles terminal southbound or which are fully loaded upon leaving Santa Ana northbound, may be operated over Telegraph Road via Garden Grove and Buena Park, but passing to the east of Norwalk and the State Hospital by detour.

The above authority is granted upon the condition that passengers shall not be picked up or discharged at any point along said Telegraph Road or any detour therefrom.

Under date of June 16, 1920, this Commission by its Decision No. 7720, on Application No. 5504, issued its supplemental order amending the order contained in Decision No. 7656, of June 1, 1920 (on Application No. 5504), to read as follows:

It is hereby ordered, that the route and operating rights described in the order in Decision No. 7022 of February 5, 1920, in Application No. 5920, be and they are hereby so modified that vehicles used in the Los Angeles-San Diego service, which are fully loaded upon leaving the Los Angeles terminal southbound, or which are fully loaded upon leaving Tustin northbound, may be operated over Telegraph Road via Garden Grove and Buena Park, but passing to the east of Norwalk and the State Hospital by detour.

The above authority is granted upon the condition that local business between Los Angeles and Santa Ana, inclusive, shall not be carried over, and passengers shall not be picked up or discharged at any point along, said Telegraph Road or any detour therefrom.

In none of the foregoing certificates was any authority conferred for the transportation of baggage, parcels, express or other property for compensation.

(D) Los Angeles to Downey and the County Poor Farm.

The operative rights in the foregoing territory are those arising from this Commission's Decision No. 5634, dated July 26, 1918, on Application No. 3763, granting to M. C. Rutherford and Mrs. H. A. Varro, copartners operating as Liberty Stage Line, a certificate of public convenience and necessity for the operation of through automobile service as a common carrier of passengers and light baggage between Downey and the business portion of Los Angeles in the vicinity of Sixth and Los Angeles streets. No authority was contained in such decision for the transportation of packages, and the item covering such transportation as appearing in the tariff of the Liberty Stage Line, C. R. C. No. 1, issued and effective September 1, 1918, is without authorization. Also by the authority contained in this Commission's Decision No. 7537, of May 3, 1920, granting to Mrs. H. A. Varro a certificate of public convenience and necessity to operate an automobile stage line as a common carrier of passengers between Downey and County Farm. No authority

was requested or granted for the carriage of parcels, baggage or express for compensation.

Also by the authority contained in this Commission's Decision No. 7835, of July 9, 1920, on Application No. 5773, granting to Mrs. H. A. Varro a certificate of public convenience and necessity to operate an automobile stage line as a common carrier of passengers between Norwalk and Downey and intermediate points. No authority for the carriage of parcels, baggage, express or other property for compensation was requested in said application or was granted by said decision.

Also by the authority contained in this Commission's Decision No. 8295, of October 28, 1920, on Application No. 6017, granting to Mrs. H. A. Varro a certificate of public convenience and necessity to operate an automobile stage service as a common carrier of passengers between the town of Norwalk and the Norwalk State Hospital as an extension of service previously operated between Norwalk and Los Angeles. No authority for the carriage of parcels, baggage, express or other property for compensation was requested in the said application or was granted by said decision.

Transfer of the operating rights as hereinabove shown was made to Motor Transit Company, applicant herein, by the authority contained in this Commission's Decision No. 8870, of April 16, 1921, on Application No. 6724.

On December 21, 1921, by its Decision No. 9901, on Application No. 7320, this Commission authorized Motor Transit Company to discontinue its service and abandon the operative rights for the transportation of passengers between Downey, Norwalk and Norwalk State Hospital.

(E) Los Angeles (via Whittier Boulevard) to Anaheim.

The operative rights in the foregoing territory are those arising from operation on May 1, 1917, by White Bus Line under the authority of Local Passenger Tariff No. 1, C. R. C. No. 1, issued February 28, 1917, effective March 1, 1917, and covering the transportation of passengers between Los Angeles and Anaheim, serving the intermediate stations of Whittier, La Habra, Brea and Fullerton. No rates appear covering the transportation of baggage, express, parcels or property for compensation. The first mention of rates for the transportation of property are those appearing in White Bus Line, Incorporated, Local Passenger Tariff No. 2, C. R. C. No. 2 (canceling C. R. C. No. 1), in rules and regulations under the caption "Baggage" as follows:

Hand baggage not over 30 pounds carried free. Packages and excess baggage, when not too large to be safely handled, will be carried at the rate of 3 cents per pound. Minimum charge for package 15 cents; for baggage 25 cents.

This tariff also added the following new intermediate points between Los Angeles and Anaheim: Montebello, Pico and Jimtown, Leffingwell, East Whittier, County Line, Des Moines, Stewart and Coyote.

Since the filing of Application No. 8454 by Motor Transit Company, the Commission by its Decision No. 11611, of February 6, 1923, on Application No. 8054, authorized the operation by Motor Transit Company, applicant herein, of an automobile stage line as a common carrier of passengers and express matter between Riverside and Loma Linda, via Highgrove, serving as intermediate points along the route the communities of Highgrove and Grand Terrace, and providing that no authority was conveyed for the conducting of the authorized operation in conjunction with or as a part of any or all of its existing lines, or, in particular, with its lines at Loma Linda and Riverside.

Since the filing of Application No. 8454 by Motor Transit Company the Commission by its Decision No. 11257, of November 23, 1922, on Application No. 6754, authorized the sale and transfer by G. & W. Stage Company, a corporation, to Motor Transit Company, applicant herein, of certain auto stage operative rights between Los Angeles and Gilman's Relief Hot Springs. In this decision the Commission in its order set forth specifically the rights authorized transferred as follows:

The right to operate automobiles for the transportation of passengers and their baggage as a common carrier for compensation over the following route between the termini of Los Angeles and Gilman's Relief Hot Springs: leaving Los Angeles at Fifth and Main streets, thence north on Main street to the Plaza, thence past the County Hospital to the public highway known as Huntington drive, thence passing through Oncontia Park, Arcadia, and Monrovia over and along Huntington boulevard to the Foothill boulevard near Azusa, then passing through Glendora, Claremont and Uplands over and along the Foothill boulevard to the Ontario-San Bernardino boulevard, thence through Cucamonga, Etiwanda and Rialto to San Bernardino over and along the Ontario-San Bernardino boulevard and thence over Colton avenue to Colton, thence over Colton avenue to Iowa avenue, thence along Iowa avenue, thence over Box Springs grade to Allesandro, thence over the public highway through Perris, Hemet and San Jacinto to Gilman's Relief Hot Springs in Riverside County, and to serve only the intermediate points of Uplands, San Bernardino, Allesandro, Perris, Hemet and San Jacinto.

The operative rights of the G. & W. Stage Company of an automobile stage line between San Jacinto and Soboba Hot Springs for the transportation of persons and express as heretofore authorized by this Commission in its Decision No. 7691, dated January 8, 1920, on Application No. 5746.

No authority is hereby conveyed for the extension or expansion of any operative rights beyond those heretofore held by applicant G. & W. Stage Company, and no authority is hereby given to merge and consolidate the said G. & W. Stage Company's franchises and operation with that of the Motor Transit Company's system of stage lines or to make the said G. & W. Stage Company's routes a portion of said Motor Transit Company's general system.

The operative rights hereinabove referred to as being transferred under the authority of this Commission's Decision No. 7691, of June 8, 1920, on Application No. 5746, are those granted to G. & W. Stage Company authorizing the extension of an automotive freight and passenger service between San Jacinto and Soboba Hot Springs and intermediate points as an extension of said G. & W. Stage Company's service from Los Angeles to San Jacinto and Gilman's Relief Hot Springs.

In addition to the operative rights hereinabove set forth under the various divisions there is of record Local Express and Freight Tariff

No. 1 of A. R. G. Bus Company, Incorporated (C. R. C. No. 1), issued February 1, 1917, effective March 1, 1917, covering express and freight, between Los Angeles and Ontario and intermediate points, on the Pomona Boulevard, and over the Covina Boulevard, from Bassett to Pomona, with intermediate points, at the following rates:

Minimum charge on any package (except auto supply orders)-----	\$0 25
Oil, per barrel-----	1 00
Oil, per half barrel-----	60
Batteries, per barrel-----	85
Trunks, hotel district-----	75 up
Trunks, residence district-----	1 00 up
Suit cases-----	35
Minimum haul-----	25
Linde tanks (small) R. T.-----	75
Linde tanks (large) R. T.-----	1 00
Presto tanks (round trips) .15, two for-----	25
Presto tanks, welding (small)-----	75
Presto tanks, welding (large)-----	1 00
Presto motors (crates) .25 to-----	35
Storage batteries (uncrated)-----	50
Heavy freight, per hundred-----	40

The operative rights for the carriage of property as originating with operation by A. R. G. Bus Company on May 1, 1917, were also transferred to Motor Transit Company by the authority contained in this Commission's Decision No. 7807, of June 28, 1920, on Application No. 5543. Motor Transit Company by its Supplement No. 1 to Joint Passenger Tariff No. 1, issued April 15, 1920, effective April 15, 1920 (Supplement No. 1 to C. R. C. No. 8, A. R. G. Bus Company, Incorporated), adopted and established as its own tariff bearing C. R. C. No. 8 as filed with this Commission by W. R. Forker as general manager of said A. R. G. Bus Company, Incorporated. Motor Transit Company thereafter issued its Local Passenger Tariff (C. R. C. No. 6), on January 27, 1921, effective February 1, 1921, including all rates as regards routes and points covered by Tariff C. R. C. No. 8 of A. R. G. Bus Company, Incorporated. This tariff restricts the offering of service to the public and contains the following in section 1, rules and regulations, Rule 11:

Rates for packages and excess baggage:

(a) Packages and excess baggage when not too large to be safely transported will be charged for at the rate of three (3) cents per pound. Minimum charge for packages 15 cents—for baggage 25 cents. Liability for baggage to carrier, limited to ten dollars (\$10).

White Stage Line, O. R. Fuller, proprietor, by its Supplement No. 1 to Local Passenger Tariff No. 12-A (Supplement No. 1 to C. R. C. No. 13, A. R. G. Bus Company, issued February 12, 1920, effective February 17, 1920, adopted as its own the fares, rules and regulations as filed by A. R. G. Bus Company in its Local Passenger Tariff No. 12-A (C. R. C. No. 13), issued November 25, 1919, and effective December 1, 1919. The rates adopted were covered by Local Passenger Tariff No.

3-A of White Bus Line, Incorporated, issued March 29, 1920, effective April 1, 1920, and contained the following as regards the transportation of property for compensation:

Section 1. Rules and Regulations. Rule No. 2—Baggage—Fares quoted do not include transportation of baggage. Same will not be checked and none will be handled except such hand baggage as can be cared for by passengers without inconvenience to other passengers, not to exceed 30 pounds for each adult ticket. This company will not be responsible for loss or damage of hand baggage.

Rule 11. Rates for packages and excess baggage when not too large to be safely transported will be charged for at rate of three (3) cents per pound. Minimum charge for packages 15 cents—for baggage 25 cents. Liability for baggage so carried, limited to ten dollars (\$10).

It appears from an inspection of tariffs that Rule 11 of section 1 of Local Passenger Tariff No. 3-A of White Bus Line, Incorporated (C. R. C. No. 4), was not contained in A. R. G. Bus Company's Local Tariff No. 12-A (C. R. C. No. 13), and that therefore an enlargement of the operative rights has been claimed by a tariff filing and without the authorization of this Commission by a certificate of public convenience and necessity as required by the statutory law.

From the above record the Commission concludes and hereby finds as a fact that no operative right has been acquired by Motor Transit Company by reason of the tariff filing of A. R. G. Bus Company, under its Local Express and Freight Tariff No. 1 (C. R. C. No. 1), effective March 1, 1917, in that no reissue of the tariff has been made by Motor Transit Company covering the rates for commodities and freight shipments and neither this Commission nor the public were advised by tariff filings as to the holding out by the carrier of the offer to serve.

This Commission by its Decision No. 9065, of June 7, 1921, on Case No. 1442, *A. B. Watson vs. White Bus Line et al.* (Opinions and Orders, C. R. C., Vol. 20, p. 18), established the principle that no transportation company subject to regulation by this Commission under the authority conveyed by chapter 213, Statutes of 1917, and effective amendments thereto could enlarge or expand operative rights beyond those existing as of May 1, 1917, or subsequently granted by this Commission by a certificate of public convenience and necessity unless a certificate of public convenience and necessity as provided for in the statutory law had been issued by the Commission following application therefor and affirmative showing by an applicant. This decision was sustained by the California Supreme Court on September 19, 1922, by its decision in Case S. F. No. 10099 (64 Cal. Dec. 278).

Enlargement of operative rights and territory served, in the absence of the authority conferred by certificate of public convenience and necessity granted by this Commission after proper application, is illegal. We find from the record herein that such unauthorized enlargement of operative rights was made by applicant, Motor Transit Com-

pany, on its Lancaster Division in that the original filings of the Antelope Valley Transportation Company (also known as The Blue Line Stage), in effect on May 1, 1917, contained no local rates covering operation as regards intermediate points between Los Angeles and Saugus, and the first mention of such intermediate service covering the station of Newhall being shown in White Bus Line, Incorporated, Local Passenger Tariff No. 3-A (C. R. C. No. 4), issued March 29, 1920, and effective April 1, 1920. Also Supplement No. 4 to Local Passenger Tariff No. 3-A of Motor Transit Company (Supplement No. 4 to C. R. C. No. 4), issued May 3, 1920, effective May 5, 1920, showing rates between San Fernando and Acton, Palmdale and Lancaster. Also Local Passenger Tariff of Motor Transit Company (C. R. C. No. 5), issued November 29, 1920, and effective December 1, 1920, showing one way and round trip rates between Los Angeles and San Fernando and Newhall; between San Fernando and Newhall, Saugus and all points north of Saugus; and 30-ride commutation tickets between Newhall and San Fernando and between Newhall and Los Angeles. All these rates are unauthorized and were published without authority of a certificate of public convenience and necessity granted by this Commission.

The status of applicant, Motor Transit Company, as to operative rights for the transportation of passengers arising from operation as of May 1, 1917, or from authority conferred by certificates of public convenience and necessity or approved transfers as contained in orders of this Commission is fully outlined in the foregoing.

As to operative rights covering the transportation of property (baggage, freight, parcels or express), we find such rights to exist as follows:

EASTERN DIVISION.

Operative rights for the transportation of express as contained in this Commission's Decision No. 9395, on Application No. 6904, decided August 23, 1921, over the following route:

Beginning at a point two miles east of Colton, where Colton avenue intersects the paved highway from San Bernardino to Redlands, thence westerly along Colton avenue to Bloomington, thence westerly over the Valley boulevard, also known as the Ocean to Ocean highway, to Cucamonga station and vice versa.

Operative rights for the transportation of express between Pomona and Corona, via Chino, as contained in this Commission's Decision No. 10342, on Application No. 7204, decided April 21, 1922, such decision prohibiting such transportation when express matter originates at Los Angeles destined to Corona, or vice versa.

Operative rights for the transportation of express as contained in this Commission's Decision No. 11611, of February 6, 1923, on Application No. 8054, granting certificate of public convenience and neces-

sity to Motor Transit Company over a route between Riverside and Loma Linda, via Highgrove, serving as intermediate points along the route the communities of Highgrove and Grand Terrace, and providing that no authority was granted for the conducting of the authorized transportation in conjunction with or as a part of any or all of its existing line, or, in particular, with its lines at Loma Linda and Riverside.

Operative rights for the transportation of baggage and freight as contained in this Commission's Decision No. 11257, of November 23, 1922, on Application No. 6754 and covering the following route:

The right to operate automobiles for the transportation of passengers and their baggage as a common carrier for compensation over the following route between the termini of Los Angeles and Gilman's Relief Hot Springs. Leaving Los Angeles at Fifth and Main streets, thence north on Main street to the Plaza, thence past the County Hospital to the public highway known as Huntington drive, thence passing through Oneonta Park, Arcadia and Monrovia over and along Huntington boulevard to the Foothill boulevard near Azusa, thence passing through Glendora, Claremont and Uplands over and along the Foothill boulevard to the Ontario-San Bernardino boulevard, thence through Cucamonga, Etiwanda and Rialto to San Bernardino over and along the Ontario-San Bernardino boulevard and thence over Colton avenue to Colton, thence over Colton avenue to Iowa avenue, thence along Iowa avenue, thence over Box Springs grade to Allesandro, thence over the public highway to Perris, Hemet and San Jacinto to Gilman's Relief Hot Springs in Riverside County, and to serve only the intermediate points of Uplands, San Bernardino, Perris, Hemet and San Jacinto.

The operative rights of the G. & W. Stage Company of an automobile stage line between San Jacinto and Soboba Hot Springs for the transportation of persons and express as heretofore authorized by this Commission in its Decision No. 7691, dated June 8, 1920, on Application No. 5746.

No authority is hereby conveyed for the extension or expansion of any operative rights beyond those heretofore held by applicant, G. & W. Stage Company, and no authority is hereby given to merge and consolidate the said G. & W. Stage Company's franchises and operation with that of the Motor Transit Company's system of stage lines or to make the said G. & W. Stage Company's routes a portion of said Motor Transit Company's general system.

The operative rights hereinabove referred to as being authorized transferred under the authority of this Commission's Decision No. 7691, of June 8, 1920, on Application No. 5746, are those granted to G. & W. Stage Company authorizing the extension of an automotive freight and passenger service between San Jacinto and Soboba Hot Springs and intermediate points as an extension of said G. & W. Stage Company's service from Los Angeles to San Jacinto and Gilman's Relief Hot Springs.

MOUNTAIN DIVISION.

Operative rights for transportation of express, baggage, parcels and freight over entire division between the valley terminals of Redlands and San Bernardino and all points served in the San Bernardino Mountains.

NORTHERN DIVISION.

No operative rights for the transportation of property.

SOUTHERN DIVISION.

Operative rights for the transportation of baggage between Los Angeles and San Diego, via Long Beach, Santa Ana, Orange and the Coast route, as contained in this Commission's Decision No. 8465, of December 20, 1920, on Application No. 5105 over the following route:

Between Los Angeles, Long Beach and points south of Santa Ana, to and including San Diego, but said applicant or its said lessee shall not transport local passengers between Los Angeles and Long Beach or points intermediate thereto, or between any of said points or intermediate on the one hand and points east or north of Los Angeles, which are served by said applicant or his said lessee or served by the Pacific Electric Railway Company on the other hand.

Operative rights for the transportation of light baggage as contained in this Commission's Decision No. 5634, of July 26, 1918, on Application No. 3763, granting certificate of public convenience and necessity between Downey and the business section of Los Angeles in the vicinity of Sixth and Los Angeles streets.

With the foregoing findings as to the status of the operative rights of Motor Transit Company, whether such operative rights were derived from operation as of May 1, 1917, in accordance with tariff filings, effective as of such date, or by authority as contained in certificates of public convenience and necessity or authorizations for transfer as contained in orders made portions of decisions by this Commission, it now becomes necessary to consider the record in these proceedings as regards the showing in support of the application of Motor Transit Company for a certificate of public convenience and necessity to authorize said applicant to continue all operation heretofore given which has not already been authorized by the passage of the statutory law or by subsequent certificates of public convenience and necessity.

Motor Transit Company, by the filing of Local Express Tariff (C. R. C. No. 13), issued September 21, 1921, and effective September 26, 1921, published rates for the transportation of packages, express shipments and excess baggage to all points on its system excepting the Mountain Division. This tariff contained rates, rules and regulations for the transportation of property over territory for which no operative right had been authorized and it appears from the testimony of Mr. F. D. Howell, assistant general manager of Motor Transit Company, that the express tariff was not based on the operative rights as conferred by operation on May 1, 1917, or certificate rights or authorized transfers by the Commission by its decisions. Mr. Howell's testimony on this point is as follows:

(Transcript, page 1289, lines 3 to 7, inc.)

Question: Have you made any effort, Mr. Howell, to check up the franchises which you have been granted by the Railroad Commission with your express rates?

Answer: No; as far as this tariff is concerned, it was based on the business being done at the time the tariff was made.

The holding out by the Motor Transit Company by its tariff rates, rules and regulations of an offer to serve the public in the transportation of property, in so far as same cover routes for which no authority exists, has created a condition, accentuated by active solicitation on the part of the carrier, whereby a considerable volume of this traffic has moved and the applicant presented exhibits which show the following data:

Express Revenue—Months of January to October, Inclusive, 1922.

Between Los Angeles, Bakersfield and Taft-----	\$4,333 48
Between Los Angeles, Redlands and Riverside-----	10,666 28
Between Los Angeles and Santa Ana-----	5,302 51
Between Los Angeles and Lancaster-----	599 03
Between Los Angeles and San Diego-----	961 00
Between Los Angeles, Downey and County Farm-----	125 33

Total -----	\$21,987 63
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<i>Month of August, 1922.</i>		No. Shipments	Revenue
Eastern Division -----		4,149	\$1,418 01
Southern Division -----		2,783	745 75
Northern Division -----		623	413 68
Totals -----		7,555	\$2,577 44

Several witnesses representing shippers at Los Angeles and shippers and receivers of parcels and express at points heretofore served by Motor Transit Company testified as to the character of and need for transportation. Witnesses covered the necessity, other than as regards Los Angeles, as regards the communities at Sandbergs, Bakersfield, Puente, Redlands, Ontario, Riverside, Pomona, San Bernardino, Chino, Whittier, Montebello, Lebec, La Habra, Corona, Brea, El Monte, Long Beach and Los Angeles County Farm. These shippers and receivers represent or receive express as used in the following businesses or industries: Oil pipe line, hotel, drugs, motion picture films, garages, automobile parts and supplies, electrical and plumbing goods, bicycles and sporting goods, florist, millinery, veterinary surgeon, tires, tailor and haberdasher, newspapers, druggists, shoe findings, dental supplies, optical goods, farming implements, paper, twine and paper stock and general merchandise.

The heaviest shipment transported, as shown by the evidence, was an auto truck spring weighing 556 pounds, moved from Los Angeles to Newhall. The maximum weight shipments are storage batteries, automobile springs and parts and 175 pounds appears, from the testimony, to be the maximum weight of such shipments. The average weight of any of the shipments, as testified to by witnesses desiring a continuance of the service, does not exceed 50 pounds and such is applicable as regards storage batteries and farm implements. The average weight of shipments of automobile parts and shoe findings does not exceed 40

pounds. Other shipments, as testified to by witnesses, do not exceed a general average of 30 pounds.

Applicant, Motor Transit Company, has contended throughout these proceedings that any enlargement of operating rights or increase in the character of the holding out to the public of service in the carriage of persons or property has been authorized by the Commission by reason of its authority as contained in special permissions authorizing the issuance of tariffs, and relying specifically on the tariffs authorized, issued under Rules Nos. 10 and 11 of the Commission's General Order No. 51, which provides "Regulations governing the construction and filing of tariffs containing Rates, Fares, Classifications, Rules and Regulations for Transportation Companies, as defined in chapter 213, Laws of 1917" as adopted by this Commission on November 6, 1917, and effective January 1, 1918. The rules provide as follows:

Rule 10. Application to change rates.

a. Unless the Commission otherwise orders or authorizes, no change shall be made by any transportation company in any rate, fare, toll, rental, charge of classification, or in any rule, regulation or contract relating to or affecting any rate, fare, toll, rental, charge, classification or service, or in any privilege or facility *except after thirty days' notice* to the Commission and to the public.

b. For good cause shown, the Commission may permit changes in tariff rates, fares, charges, classifications, rules or regulations on less than thirty days' notice. This authority will be exercised only in cases where actual emergency or real merit is shown.

Rule 11. Application to increase rates.

a. No transportation company shall raise any rate, fare, toll, rental or charge or so alter any classification, contract, practice, rule or regulation as to result in an increase in any rate, fare, toll, rental or charge, under any circumstances whatsoever, except upon a showing before the Commission and a finding by the Commission that such increase is justified.

b. Increases in rates, fares, tolls or charges or alterations in classifications, rules or regulations, resulting in increases in rates, fares, tolls or charges must not be included in a tariff publication unless the same has previously been authorized by the Commission, and notation must be made in tariff in connection with each such increase, as follows:

"Published under authority of the Railroad Commission of the State of California,

No. _____ of (date) _____.

Applicant, Motor Transit Company, in its issuance of Local Express Tariff (C. R. C. No. 13), secured special permissions No. 10-360 and No. 11-225 under date, August 15, 1921, and endorsed the tariff as being issued under the authority of the foregoing special permissions and the provisions of Application No. 6904. The special permissions were requested, under the provisions of applicant's letter of June 1, 1921, to establish under Rules 10 and 11 of the Commission's General Order No. 51 on one day's notice, the rates, fares, tolls, classifications and rules and regulations as contained in the Local Express Tariff (C. R. C. No. 13). The letter contains advice that:

The proposed rates between Los Angeles, Taft and Bakersfield will be, in part, new rates as the present rule in passenger tariff limits packages to 25 pounds on this division. The package and express business is growing steadily and we desire to

establish a more uniform system of handling same, and a graduated scale of rates in lieu of the flat blanket rate of 3 cents per pound now charged between all points.

Following correspondence by the Commission, further advice was received in a letter from the Motor Transit Company, dated August 5, 1921, as applicable to the situation between Los Angeles and Taft that:

The Motor Transit Company have never handled any packages between Los Angeles and Taft, weighing in excess of 25 pounds.

Also,

The rates you mention for packages weighing in excess of 25 pounds are new rates sought to be established to cover prospective business which the applicant has not heretofore handled.

The authority referred to on the tariff as originating with the Commission's decision on Application No. 6904 is that authorizing the carriage of passengers and express over the following route:

Beginning at a point two miles east of Colton, where Colton avenue intersects the paved highway from San Bernardino to Redlands, thence westerly along Colton avenue to Bloomington, thence westerly over the Valley boulevard, also known as the Ocean to Ocean highway, to Cucamonga station and vice versa.

As hereinabove set forth and in accordance with the principle enunciated by this Commission in its Decision No. 9065, of June 7, 1921, on Case No. 1442, *A. B. Watson vs. White Bus Line et al.* (Opinions and Orders, C. R. C., Vol. 20, p. 18), no transportation company, subject to the regulation of this Commission under authority contained in chapter 213 and effective amendments thereto, can enlarge or expand operative rights beyond those existing as of May 1, 1917, or subsequently granted by this Commission by a certificate of public convenience and necessity unless in accordance with the provisions of the statutory law a certificate of public convenience and necessity has been applied for and thereafter issued by the Commission in an appropriate proceeding. This decision was thereafter sustained by the California Supreme Court on September 19, 1922, by its decision in Case S. F. No. 10099 (64 Cal. Dec. 278). With the establishment of this principle and its affirmation by the California Supreme Court, it is now obvious that no enlargement of operative rights, either as to routes served or expansion of rights for the carriage of property, can be made without a proper showing in an appropriate proceeding resulting in authority as conferred by a certificate of public convenience and necessity. It is equally applicable as regards increase in the scope of operative rights, such as the enlargement of same by the inclusion of additional stations or operative points in territory not specifically covered either by operative right existing as of May 1, 1917, or rights thereafter conferred by certificate. The particular instance as cited as regards express tariff of applicant, Motor Transit Company, is typical of many instances appearing in passenger tariffs where rights beyond those authorized have been included at the time of filing of such tariffs and which are now apparently relied upon by applicant as justifying their existence and con-

tinued use. This is particularly noticeable as regards operation between Saugus and Los Angeles. According to the record of the Commission, the Eldorado Stage Company (predecessor in interest to the Motor Transit Company) did no local business on its route between Los Angeles to Bakersfield and Taft in the territory between Castaic and Los Angeles and the Antelope Valley Transportation Company (also known as The Blue Line Stage), in its operation to Lancaster, held itself out to do no business intermediate between Saugus and Los Angeles. Tariffs of applicant, Motor Transit Company, now show the communities of San Fernando, Cascade and Newhall as intermediate points on these routes, all of which points are unauthorized. The rules and regulations as adopted by this Commission under its General Order No. 51, provide the method and procedure under which rates should be filed with this Commission and for the public. These regulations do not and can not change the requirements imposed by the statutory law as to authority required to be obtained by any transportation company desiring to operate over the highways of this state between fixed termini or over a regular route in the carriage of persons or property for compensation.

The record in this proceeding supports the conclusion and finding of fact that Motor Transit Company has, by tariff filings for the carriage of property over routes for which it had no legal authorization, gradually built up an express business over its system which the Commission is now asked to approve, irrespective of a showing that the rights have not heretofore existed. The Commission will not approve or authorize any operative rights which have not been shown to exist and must confine and base its authority upon the showing of public convenience and necessity for the authorization of express and package service as appearing in this record.

The service heretofore rendered by applicant, Motor Transit Company, as regards the carriage of baggage, parcels and express and as now proposed to be continued and amplified in accordance with the provisions of applicant's Local Express Tariff No. 13, and a proposed amendment and reissue of same as filed as an exhibit in this proceeding, is the outgrowth of the business offered by the public desiring expeditious transportation of various commodities principally from Los Angeles to points reached by the lines comprising applicant's system of motor stage lines. Originally such shipments consisted of automobile parts and accessories, motion picture films, newspapers, small shipments of drugs and merchandise. Applicant has always and at this time proposes to continue the handling of these shipments on a "station to station" basis, there being no pick-up or delivery of shipments in the business district of Los Angeles or in the business or residence districts of any of the communities served by applicant's operative lines.

Applicant, by solicitation of this character of business—and it is in evidence in this proceeding that it is the intent of applicant to hereafter actively solicit the express business—has built up a condition, in many cases unauthorized, where prompt delivery of so-called express matter can be obtained by the public desiring to deliver shipments to any station of the applicant and receive same therefrom and this unauthorized offering to the public has resulted in the express business as heretofore conducted and for which the instant application requests continuance. On some of the lines of the applicant the business has grown, as regards certain trips, to a volume in excess of the ability of applicant to serve same on its passenger cars and there has been utilized in such service the so-called service cars of the applicant which, in connection with handling of materials and supplies of the applicant to its stations and shops located outside of Los Angeles, have also handled the excess express matter, particularly the larger shipments.

Applicant has filed with the Commission under its Local Express Tariff (C. R. C. No. 13), and desires herein authority for the continuance of a rate guaranteeing the forwarding of a shipment on the first car after its receipt by an agent and assessing for such guaranteed carriage a rate one and one-half times the basic rate where such guarantee in prompt forwarding is not present. In the opinion of the Commission, this is a discriminatory rate in that there is no evidence that under ordinary conditions a shipment would not move on the first schedule following the time of receipt of the shipment and under such conditions the party paying the higher rate, based on the guarantee that shipment would move on the first schedule after its receipt, is discriminated against to the extent that similar shipments, upon which a lower rate is paid, move by the same car at a lesser rate and receive the same type of service.

We are of the opinion, based on the evidence herein, and hereby find as a fact, that public convenience and necessity require the operation by applicant, Motor Transit Company, of an express service on its passenger cars to all points to which it legally operates with the exception of the territory between Los Angeles and Long Beach. We do not find, from the evidence herein, that justification has been shown for the granting of a certificate of public convenience and necessity authorizing applicant to conduct a general express business, unlimited as to weight or size of shipments.

We are of the opinion and hereby find as a fact, that applicant has justified the granting of a certificate authorizing the carriage of packages and express upon its passenger stages when such shipments do not exceed a weight of forty (40) pounds for each package. As regards the linking up of operative rights, in so far as the carriage of property

is concerned, we do not find that applicant has justified its request for a certificate of public convenience and necessity so to do.

During the hearing on this proceeding, applicant, Motor Transit Company, was permitted to amend its application to request authority for the establishment of a through service for the carriage of passengers and baggage between Los Angeles and points in the San Bernardino Mountains as served by its Mountain Division operating at present from the valley terminals of San Bernardino and Redlands, and presented evidence through witnesses connected with resorts in the San Bernardino Mountains as to requests made by the traveling public for the establishment of such through service. It was the intention of applicant, Motor Transit Company, if such service were authorized, to operate same by direct touring cars to and from Los Angeles at a rate of fifteen per cent in excess of the sum of the present local rates between Los Angeles and San Bernardino and San Bernardino and San Bernardino Mountain points, both as to one-way and round-trip tickets. The evidence shows that but a small percentage of the patronage in the San Bernardino Mountain resorts patronize stages, the greater majority of such patronage using private conveyances. There is present in this proceeding the time tables and schedules of the railroads, electric lines and stage lines serving the intermediate territory between Los Angeles and San Bernardino and in view of the variety of service and varied schedules now available by the existing authorized methods of transportation the establishment of an additional service is not justified by the evidence herein and this portion of the application will be denied.

By its Decision No. 9892, of December 20, 1921, on Applications Nos. 5274 and 5361 (Opinions and Orders, C. R. C., Vol. 20, p. 1038), the Commission held that operative rights under certificates separately granted could not be lawfully combined for the establishment of a through service without first obtaining from the Commission a certificate of public convenience and necessity authorizing the through service.

In accordance with the principle established in the foregoing decision, applicant, Motor Transit Company, has herein applied for a certificate of public convenience and necessity authorizing it to join all present operative rights as heretofore claimed or authorized or as may be authorized by a decision in these proceedings and to hereafter operate its entire lines as one unified system.

Practically the only evidence offered in support of this portion of the application was that of Mr. F. D. Howell, assistant general manager of applicant, Motor Transit Company. Mr. Howell outlined in detail the advantages accruing to his company if the authorization for the linking of lines and operating the same as a unified system were to be granted

and it is obvious that economy may be effected were such authorization permitted. The situation, however, as presented in these proceedings, does not justify the Commission in a general blanket authorization as herein applied for by applicant, there being several routes that were authorized with restrictions and limitations following extensive hearings upon applications for certificates of public convenience and necessity and there is not before the Commission, in this proceeding, evidence that would justify the granting of this permission without suitable qualification.

Applicant, Motor Transit Company, has also requested authority to establish joint rates by the sale of through tickets with all the carriers with whom applicant's lines at present connect. The Commission can not in this proceeding consider such application inasmuch as through rates, by the sale of joint tickets, can be authorized, if the public need and necessity requires, by appropriate applications or request for approval of concurrence in joint rates by applicant and transportation companies with whom applicant now connects or desires to connect, are parties to such proceedings. This portion of the application will therefore necessarily be dismissed.

Applicant, Motor Transit Company, by its second supplement to Application No. 8454, has requested authority to link up and hereafter operate as a part of its unified system the operative right as granted by this Commission's Decision No. 11611, of February 6, 1923, on Application No. 8054, granting operative rights by the issuance of a certificate of public convenience and necessity for the carriage of passengers and express between Riverside and Loma Linda, via Highgrove and Grand Terrace, but restricting said operation to that of a local line which was not to be operated in conjunction with or as a part of any or all of its existing lines, or, in particular, with its lines at Loma Linda and Riverside. Applicant now alleges that it believes it will be unable to continue the operation as a separate unit. No evidence has been presented in the record on this proceeding which would justify the Commission in granting a certificate of public convenience and necessity authorizing the linking up of the limited and conditional operative right. The decision originally granting same was based on evidence received at public hearings and no evidence in the instant proceedings has been offered in support of applicant's prayer of such weight as would justify the enlargement of the operative right as herein sought. This portion of the application will be denied.

A similar condition exists as regards the joining of the operative rights covered by this Commission's Decision No. 10342, on Application No. 7204, and the restriction therein contained prohibiting the carriage of through passengers or express between Los Angeles and Corona with those of other lines of the applicant's system. In the absence of

evidence justifying the prayer of applicant, the desired permission can not be granted, nor does the Commission look with favor upon the practice of the applicant as regards the handling of express matter over the Pomona-Corona line when same originated at Los Angeles destined to Corona, it appearing that it was the practice of applicant to bill the shipment locally from Los Angeles to Pomona and then rebill it at the Pomona agency to its destination at Corona. Through express and passenger service between Los Angeles and Corona was specifically prohibited by this Commission's Decision No. 10342, on Application No. 7204, and the record herein is clear as to the manner in which through express shipments were handled in violation of the Commission's order.

Motor Transit Company, by its second supplement to Application No. 8454, has requested an order of this Commission granting a certificate of public convenience and necessity authorizing additional service via a new route between Pomona and Chino over the following route:

Commencing at the intersection of Philadelphia street and East End street in the county of San Bernardino, said point being intermediate between the cities of Chino and Corona, and extending easterly from said intersection along Philadelphia street to Central avenue, and thence in a southerly direction along Central avenue to D street in the city of Chino.

The granting of the desired certificate is favored by the Chamber of Commerce of Chino as an alternate service which would provide transportation for a territory north and west of Chino and between Chino and Pomona which is not now served by transportation facilities and would provide a division of service by routing a portion of the Pomona-Corona schedules over the proposed new route. There appears no substantial objection against the inauguration of the proposed new routing as an adjunct of the Pomona-Corona service, although the general protest as regards the consolidation of lines applies to the proposed new service.

During the hearings on these proceedings, applicant, Motor Transit Company, requested authority by certificate of public convenience and necessity to serve additional routes in the San Bernardino Mountains, one, a new highway leaving the San Bernardino-Victorville road at a point approximately one mile south of Hesperia and extending thence in a generally southerly direction in Arrowhead Lake and from Arrowhead Lake in a generally southwesterly direction to the intersection with the existing line of the applicant at a point between Fernrock and Pacific Electric Camp. Also, extending from Arrowhead Lake in a generally northeasterly direction to a terminus known as Last Ranch; also, around Arrowhead Lake in a southerly and westerly direction to its intersection with already existing lines of the applicant, the line being more particularly shown on a blue print map entitled "Motor Transit Company, Map No. 4, Stage Lines to San Bernardino Mountain

Resorts," "Rim of the World Drive," dated March 1, 1922, and filed herein as Exhibit No. 2 of applicant, Motor Transit Company, in Application No. 8454.

Authority is also requested for the authorization by certificate of public convenience and necessity of an operative right over a new road constructed from a point on the Rim of the World route south of Deep Creek station, extending thence easterly to Big Bear Lake, the road dividing into two sections at the westerly line of Big Bear Lake, one route extending northeasterly to Gray's camp at which point it joins the branch extending from Fawnskin store and Gray's camp, being a portion of the Rim of the World route; the other portion extends easterly along the shores of Big Bear Lake to its intersection at North Bay spawning station with the Mill Creek Canyon road as now operated as a portion of the Motor Transit Company's San Bernardino Mountain routes, the proposed route being more particularly shown on map of the San Bernardino Mountain lines as previously referred to. No protest was made against the establishment of the desired routes and there appears no objection to the authorization herein sought in that the routes proposed will shorten the road into Big Bear Valley and offer an alternate route which can be used when road conditions become impassable by reason of heavy traffic and during winter months. The new line leading into Arrowhead Lake from Hesperia is over a new road which it is proposed to keep open, if possible, during the entire winter season and if such can be accomplished an alternate route will be provided by relief afforded over the bad portion of the Waterman Canyon road during some periods of the year.

In Application No. 8525, K. F. Beyerle, L. J. Austin, C. A. Sansome, R. W. Wilson, T. E. Hutson and W. H. Powell, copartners, operating under the fictitious name of Packard Stage Line, request authority to operate local service between Los Angeles and Lancaster as a portion of their through service between Los Angeles and Bakersfield, via Mojave, or as an independent service should conditions of traffic justify. Applicants propose to serve, in addition to the termini of Los Angeles and Lancaster, the intermediate communities of Newhall, Saugus, School House, Vincent and Palmdale. It is alleged in support of the application that the present motor stage service is conducted, in part, over unauthorized territory, that it is inadequate, inconvenient and insufficient; that the railroad service is inadequate and does not serve a portion of the territory for which certificate is desired.

Witnesses favoring the application and residing at Lancaster, Acton, Los Angeles, in Boquet Canyon, Newhall, Palmdale, and in Mint Canyon, testified as to the necessity for the service as proposed.

The granting of the application is opposed by the Motor Transit Company, Southern Pacific Company and Original Stage Line. The Original Stage Line withdrew its protest on the stipulation of applicants that San Fernando was not proposed to be served. Motor Transit Company, protestant, filed its written protest against the granting of the certificate alleging that applicants had heretofore, without authority and in violation of their certificate granting operative rights between Bakersfield and Los Angeles, via Mojave, which certificate prohibited the carriage of passengers locally between Los Angeles and Lancaster and intermediate points, from time to time carried passengers locally between Los Angeles, Lancaster and Palmdale; that the present operations of this protestant are not profitable and that the expense of operation exceeds the revenue derived therefrom; and that at the time of the granting of a certificate to applicants for a through service from Los Angeles to Bakersfield, via Mojave, it was found that no necessity existed for the establishment of local service between Los Angeles and Lancaster or between points intermediate to said termini.

Witnesses were offered in substantiation of protestant's allegation that passengers had been carried between Los Angeles and Lancaster and intermediate points in violation of the Commission's restriction against such carriage as appearing in the order granting certificate of public convenience and necessity between Los Angeles and Bakersfield, via Mojave. It appears that passengers destined to and from Lancaster, originating at or destined to Los Angeles, have been transported on the through stages of applicants, but in all such instances the fare to Rosamond, the tariff point next north of Lancaster, has been paid. Passengers desiring transportation to Lancaster when inquiring for service at the Los Angeles office of applicants have been properly referred to the station of protestant. In some instances persons in the employ of protestant have purchased tickets from Los Angeles to Rosamond and have left the stages of applicants at Lancaster, all stages stopping at such point, and passengers originating at Lancaster and desiring to go to Los Angeles, have gone to the northerly boundary of the community at Lancaster and there boarded the stages of applicants for Los Angeles, paying fare from Rosamond to Los Angeles. There is no evidence that applicants have been responsible by solicitation or otherwise for this practice on the part of their patrons nor that the practice had been followed to any material extent.

Applicants, in connection with their allegation that the route herein served by the Motor Transit Company had not been adequately served, directed attention to a diversion of route via the Mint Canyon route to Lancaster. It appears that when the Mint Canyon highway was reconstructed a change in the routing of the highway was made and the new Mint Canyon road, instead of following the old route through

Acton, left the old road at a point approximately two and a half miles northwest of Acton and continued in a generally easterly direction. The Motor Transit Company followed the new highway as constructed and opened for travel, and Acton is now served as a branch line from the present main highway, said branch line leaving the main highway at a point known as Acton Road Junction and extending over the Crown Valley road to Acton. No authority for this change of route was requested from or granted by the Commission.

As regards the territory proposed to be served by applicants between Lancaster and Los Angeles, it having been stipulated that no business shall be done locally between Los Angeles to and including San Fernando, it appears that no authorization exists for local business as now handled by the Motor Transit Company, either by the rights acquired from the Eldorado Stage Company or the Antelope Valley Transportation Company, and no certificate of public convenience and necessity has been applied for by Motor Transit Company or its predecessors. The tariff of the Eldorado Stage Company and the Antelope Valley Transportation Company (The Blue Stage Line) contained no rates for intermediate points between Saugus and Los Angeles and the Local Passenger Tariff No. 3-A of Motor Transit Company (C. R. C. No. 4), issued March 29, 1920, effective April 1, 1920, on authority as contained in this Commission's Decisions Nos. 7088 and 7290, exceeded such authority in that Newhall was shown as an intermediate point on the Lancaster Division. Local Passenger Tariff of Motor Transit Company (C. R. C. No. 5), issued November 29, 1920, effective December 1, 1920, carries one-way, round-trip and commutation rates on the Lancaster Division between Los Angeles, San Fernando and Newhall, none of which were lawfully authorized.

In view of the showing as to unauthorized diversion from regular routes by Motor Transit Company and the unauthorized inclusion of intermediate stations for which no certificate rights had been obtained, we are of the opinion that the protest of Motor Transit Company does not justify serious consideration, and we are of the opinion and hereby find as a fact that the evidence herein justifies the granting of a certificate of public convenience and necessity authorizing applicants to serve the stations of Lancaster, Palmdale, Vincent, School House, Saugus and Newhall as an extension to and as a part of their through service between Los Angeles and Bakersfield, via Mojave, when vacant seats are available on its cars operated over such through route. We do not find evidence justifying the authorization of an additional local service between Lancaster and Los Angeles.

ORDER.

Public hearings having been held on the above entitled proceedings, the matters having been duly submitted following briefs filed by counsel

for applicant, Motor Transit Company, and protestants, the Commission having carefully considered the evidence and exhibits herein and being now fully advised, and basing its order on the findings of fact as appearing in the opinion which precedes this order:

The Railroad Commission hereby finds as a fact that the operative rights of applicant, Motor Transit Company, as authenticated by operation on May 1, 1917, or by subsequent decisions of this Commission granting certificates of public convenience and necessity or approval of transfer of operative rights are as follows:

Los Angeles to Lancaster, via Mint Canyon.

Passenger stage service between Los Angeles and Lancaster, serving as intermediate points the communities of Saugus, Fitch's Road, Hillcrest, Acton, Vincent and Palmdale.

Los Angeles to Lancaster, via Boquet Canyon.

Passenger stage service between Los Angeles and Lancaster, serving as intermediate points the communities of Saugus, Canyon, Dundees, School House, Leonis Valley and Palmdale.

Los Angeles to Bakersfield and Taft.

Passenger stage service between Los Angeles, Bakersfield and Taft, serving as intermediate points the communities at Castaic, Ridge Garage, National Forest Inn, Liebra, Grippers Camp, Sandbergs, Bailey's Ranch, Gorman's, Lebec, Grapevine and Rose Station.

Los Angeles to San Diego, via Anaheim.

Passenger stage service between Los Angeles and San Diego, serving as intermediate points the communities at Belvedere, Oak Street, Montebello, Judson's Road, Whittier, Whittier High School, Orange County Line, La Habra, Stewart, Brea, Fullerton, Anaheim, Capistrano, Oceanside, Encinitas and Del Mar.

Los Angeles to Downey and County Farm.

Passenger and light baggage stage service between Los Angeles and County Farm, serving as intermediate points the communities at Bandini, Power House, Laguna, Tweedy Corner, Downey and College Corner.

San Bernardino Mountain Division.

Passenger, baggage and freight service over the following routes:

Redlands to Big Bear, via Mill Creek Canyon, serving as intermediate points the resorts and camps at Lower Control, Mountain Home, Camp Angeles, Upper Control, Weeshaw Club, Seven Oaks, Clark's Ranch, Top Control and I. S. Ranch.

San Bernardino to San Bernardino, via "Rim of the World Drive," serving as intermediate points the resorts and camps at Dorman's Ranch, Clifton Heights, Crestline Store, Skyline Heights, Horseshoe Bend, Squirrel Inn, Pine Crest, Allison's Ranch, Fredalba Junction, Green Valley Store, Fawnskin Store, Big Bear Lake, Northside Lake, Moon Camp Boat Landing, Southside Lake, Pine Knot Boat Landing, I. S. Ranch, Clark's Ranch, Seven Oaks Junction, Upper Control, Camp Angeles, Mountain Home, Lower Control and Redlands.

San Bernardino to Big Bear Lake, via City Creek, serving as intermediate points the camps and resorts at Dutch John's, Fredalba, Fredalba Junction, Deep Creek Bridge, Green Valley, Fawnskin, Motor Transit Depot on North Side of Lake and Moon Camp Boat Landing.

San Bernardino to Arrowhead Lake, via Waterman Canyon, serving as intermediate points the camps and resorts at Dorman's Ranch, Clifton Heights, Crestline Store, Skylands, Horseshoe Bend, Squirrel Inn, Pine Crest, Strawberry Flat and Pacific Electric Camp.

Arrowhead Lake and Big Bear Lake, serving as intermediate points the camps and resorts at Cuffles Ranch, Allison's Ranch, Fredalba Junction, Deep Creek Bridge, Green Valley Store, Snow Slide Spring, Fawnskin Store, depot of Motor Transit Company on North Side of Lake and Moon Camp Boat Landing.

Redlands to Forest Home and Camp Dobbs via Mill Creek, serving as intermediate points the resorts and camps at Mentone and Forest Home Junction.

San Bernardino to Big Bear Valley, via Victorville, serving as intermediate points Box "S" Ranch and Doble.

Los Angeles to San Bernardino, via Redlands.

Passenger stage service from Los Angeles via the Valley Boulevard, serving the intermediate communities at Valley Boulevard and Mission Street, Ramona Acres, San Gabriel Boulevard, Savanna, El Monte, Pico Road, Bassett, Seventh Street, Puente, Otterbein, Walnut, Pacific Colony, Spadra, Pomona, Mills Street, Narod, Chino, Ontario, Upland, Upland County Club, Pine Street, Guasti, Cucamonga, La Foucade, Etiwanda, Wade, Muscat, Fontana, Hedge, Rialto, San Bernardino, Santa Ana River, Loma Linda and Redlands Junction. Also from Ontario to Riverside, serving the intermediate communities of Vineyard, Collins, County Line, Wineville, Brown's Store, Agate Avenue, Glenavon and West Riverside.

Pomona and Ontario, via Chino.

Passenger stage service between Pomona and Ontario, serving the intermediate communities at Geary and Philadelphia Streets, Riverside

and East End, Chino, Chino Avenue and Euclid and Euclid and Philadelphia Streets.

San Bernardino to Ontario via Bloomington.

Passenger stage service between San Bernardino and Ontario, serving the intermediate communities of Colton, Bloomington (Alder Avenue), Fontana Road, Etiwanda Road, Archibald Avenue, Guasti, and Pine Street.

Pomona to Corona, via Chino.

Passenger and express service from Pomona to Corona, serving the intermediate communities at Geary and Philadelphia Streets, Riverside and East End, Chino, Edison Avenue, Robles Street, Pine Avenue, Pine and Corona Roads, Willow Springs Ranch, Santa Ana River, and Pulask Street.

Los Angeles to Soboba Hot Springs.

Passenger service from Los Angeles to Soboba Hot Springs, serving as intermediate points the communities at Uplands, San Bernardino, Allesandro, Perris, Hemet and San Jacinto.

Freight service between San Jacinto and Soboba Hot Springs and intermediate points.

Los Angeles to San Diego, via Long Beach.

Passenger and baggage service from Los Angeles to San Diego, via Long Beach, restricted as to local business between Los Angeles and Long Beach, including passenger and baggage service between San Pedro, Wilmington and Long Beach as an extension of the route between Long Beach and San Diego with the restriction that no passengers or baggage should be carried locally between San Pedro and Long Beach and intermediate points, nor between Seal Beach and points north of Tustin. The operative rights for the Long Beach-San Pedro extension of service were those authorized in this Commission's Decision No. 12436 of August 2, 1923, on Application No. 9151, said decision having been rendered subsequent to the filing of the application of Motor Transit Company herein.

Los Angeles via Telegraph Road to Santa Ana and San Diego.

Passenger service between Los Angeles and San Diego, via Telegraph Road, serving the intermediate communities of San Juan Capistrano, Oceanside, Del Mar and La Jolla, also rights permitting detour when stages are fully loaded upon leaving the Los Angeles terminal southbound, or which are fully loaded leaving Tustin northbound over Telegraph Road via Garden Grove and Buena Park, but passing to the east of Norwalk and the State Hospital by detour, no local business, how-

ever, between Los Angeles and Santa Ana, to be picked up or discharged at any point along said Telegraph Road or any detour therefrom.

Ontario to Bloomington to Colton to San Bernardino.

Passenger and express service over the following route: Beginning at a point two miles east of Colton, where Colton Avenue intersects the paved highway from San Bernardino to Redlands, thence westerly along Colton Avenue to Bloomington, thence westerly over the Valley Boulevard, also known as the Ocean to Ocean Highway, to Cucamonga, and vice versa; and providing that at all times Motor Transit Company should operate its local service between Redlands and San Bernardino and Bloomington to and from Alder Avenue in Bloomington.

Riverside and Loma Linda, via Highgrove.

Passenger and express service between Riverside and Loma Linda, serving the intermediate communities of Highgrove and Grand Terrace. No authority exists for operation in conjunction with or as a part of any or all other lines of Motor Transit Company's system, particularly as regards lines between Loma Linda and Riverside.

The Railroad Commission hereby declares that public convenience and necessity require the operation by applicant, Motor Transit Company, of an automobile stage line as a common carrier of passengers, baggage, packages and express (baggage, package and express not to exceed a weight of forty (40) pounds) over a route between Pomona and Chino as follows:

Commencing at the intersection of Philadelphia Street and East End Street in the county of San Bernardino, said point being intermediate between the cities of Chino and Corona and extending easterly from said intersection along Philadelphia Street to Central Avenue, and thence in a southerly direction along Central Avenue to D Street in the city of Chino.

Also that public convenience and necessity require the operation by applicant, Motor Transit Company, of an automobile stage line as a common carrier of passengers, freight, packages and express on its Mountain Division over a new highway which leaves the San Bernardino-Victorville road at a point approximately one mile south of Hesperia and extends thence in a generally southerly direction to Arrowhead Lake and from Arrowhead Lake in a generally southwesterly direction to the intersection with the existing line of the applicant at a point between Fernrock and Pacific Electric Camp. Also extending from Arrowhead Lake in a generally northeasterly direction to a terminus known as Last Ranch, also around Arrowhead Lake in a southerly and westerly direction to its intersection with the already existing lines of the applicant.

Also that public convenience and necessity require the operation by applicant, Motor Transit Company, of an automobile stage line as a common carrier of passengers, freight, packages and express over a new road constructed in the San Bernardino Mountains from a point on the Rim of the World route south of Deep Creek Station extending thence easterly to Big Bear Lake, the road dividing into two sections at or near the westerly line of Big Bear Lake, one route extending northeasterly to Gray's Camp at which point it joins the branch extending from Fawnskin Store and Gray's Camp, being a portion of the Rim of the World route, the other portion extending easterly along the shores of Big Bear Lake to its intersection at North Bay spawning station with the Mill Creek Canyon road as now operated as a portion of the Motor Transit Company's San Bernardino Mountain routes.

Also that public convenience and necessity require the operation by applicant, Motor Transit Company, of an automobile stage line as a common carrier of passengers, baggage, package and express service on its passenger cars over all routes and lines hereinabove in this order specified, and over which lines, baggage, express and package service is not now authorized as therein specifically set forth; provided, however, that no single piece of baggage or express package shall exceed forty (40) pounds; and provided, further, that tariffs hereinafter filed in accordance with the authority contained herein shall name one rate for the transportation of baggage, packages and express, which rate shall be applicable and not subject to increase by reason of the holding out on the part of applicant of a guarantee to forward a particular baggage, express or package shipment on the first car scheduled following the receipt of the baggage, express or packages.

Also that public convenience and necessity do not require the joining by applicant, Motor Transit Company, of all its routes and lines that same may be operated as one unified system.

Authority is hereby granted for applicant to join and operate as distinct portions of its system the lines between Bakersfield, Taft and Los Angeles with those between Los Angeles and Lancaster via Mint Canyon and between Los Angeles and Lancaster via Boquet Canyon. Authority is also granted to join the lines comprising the so-called Southern Division of applicant and operate same as one unified portion of its system, provided, however, that no authority hereby conveyed shall be construed as eliminating the present restriction against operation between Los Angeles and San Diego via Long Beach and prohibiting the carriage of either passengers, parcels or express packages locally between Los Angeles and Long Beach, inclusive, or intermediate points or to and from any points east or north of Los Angeles which are served by applicant, Motor Transit Company, or by protestant, Pacific Electric Railway Company.

Authority is hereby granted to applicant, Motor Transit Company, to join and hereafter operate as one unified portion of its system the separate lines now comprising its Eastern Division, provided, however, that this authority shall not be construed to abrogate the restrictions now contained in operative rights as herein set forth in the specific lines comprising the so-called Eastern Division of the applicant's stage system nor to authorize any additional local service between intermediate points as comprised in the portion of the applicant's system heretofore acquired from the G. & W. Stage Company, nor to enlarge the restrictions heretofore contained in certificates of public convenience and necessity heretofore granted by this Commission and affecting lines which comprise a portion of applicant's so-called Northern Division.

The Railroad Commission hereby further declares that public convenience and necessity do not require the granting of the prayer of applicant, Motor Transit Company, that authority be issued for the sale of through tickets to and from all portions of its operative system or to and from the lines of all other carriers with whom the applicant at present or may in the future desire to connect. Applicant, by appropriate proceedings, in which other carriers with whom joint rates are desired to be established may make appropriate application to this Commission for the establishment of joint rates in which application the other carriers will be participants and signify their desire for the establishment of such joint rates and their willingness to concur therein. Applicant, in so far as the authority herein contained permits the joining of its separate lines into specified units to facilitate operation, is authorized to establish through fares and sell through tickets covering transportation over the specified unified divisions herein authorized, respecting, however, the qualifications and restrictions herein placed as regards such unification in each specific instance herein authorized.

It is hereby ordered, that a certificate of public convenience and necessity be and the same hereby is granted to applicant, Motor Transit Company, for the operation of an automobile stage line as a common carrier of passengers, baggage, packages and express (baggage, packages and express not to exceed a weight of forty (40) pounds) between Pomona and Chino as follows:

Commencing at the intersection of Philadelphia Street and East End Street in the county of San Bernardino, said point being intermediate between the cities of Chino and Corona and extending easterly from said intersection along Philadelphia Street to Central Avenue, and thence in a southerly direction along Central Avenue to D Street in the city of Chino.

It is hereby further ordered, that a certificate of public convenience and necessity be and the same hereby is issued to applicant, Motor Transit Company, covering the operation of an automobile stage line

as a common carrier of passengers, freight, packages and express over the following routes in the San Bernardino Mountains:

Over a new highway which leaves the San Bernardino-Victorville road at a point approximately one mile south of Hesperia and extends thence in a generally southerly direction to Arrowhead Lake and from Arrowhead Lake in a generally southwesterly direction to the intersection with the existing line of the applicant at a point between Fernrock and Pacific Electric Camp. Also, extending from Arrowhead Lake in a generally northeasterly direction to a terminus known as Last Ranch, also around Arrowhead Lake in a southerly and westerly direction to its intersection with the already existing lines of the applicant.

Also, over a new road constructed in the San Bernardino Mountains from a point on the Rim of the World route south of Deep Creek Station, extending thence easterly to Big Bear Lake, the road dividing into two sections at or near the westerly line of Big Bear Lake, one route extending northeasterly to Gray's Camp, at which point it joins the branch extending from Fawnskin Store and Gray's Camp, being a portion of the Rim of the World route; the other portion extending easterly along the shores of Big Bear Lake to its intersection at North Bay spawning station with the Mill Creek Canyon road as now operated as a portion of the Motor Transit Company's San Bernardino Mountain routes;

And to join the operative rights hereinabove granted with those already operated by applicant as a portion of its San Bernardino Mountain Division.

It is hereby further ordered, that applicant, Motor Transit Company, be and it hereby is required to accept the certificates of public convenience and necessity herein authorized within fifteen (15) days from the date of the order herein, such acceptance to state the date or dates upon which the operation of the additional rights herein authorized will be commenced, such date or dates to be not in excess of sixty (60) days from the date of the order herein unless such time be extended by supplemental order of this Commission. Tariffs, rules and regulations and time schedules must be filed, in duplicate, with this Commission at least ten (10) days prior to their effective date.

It is hereby further ordered, that within thirty (30) days from the date of the order herein that applicant, Motor Transit Company, file with this Commission revised tariffs and time schedules, such tariffs and time schedules eliminating all rates for the carriage of baggage, freight, express parcels or packages which are not consistent with the findings hereinabove set forth as the operative rights of applicant, Motor Transit Company, whenever such rates cover the transportation of baggage, freight, express parcels or packages in excess of a weight of forty (40) pounds each and with the exception, however, of rates covering the

transportation of property for compensation over the specific lines and routes hereinabove set forth where proper authorization has been shown by reason of operative rights existing on May 1, 1917, or subsequent decisions of this Commission granting certificates of public convenience and necessity or approving and authorizing transfer of operative rights to applicant, Motor Transit Company.

That applicant, Motor Transit Company, file with this Commission within thirty (30) days from the date of the order herein a new tariff and time schedule, in duplicate, setting forth rates, rules and regulations and operating schedules on its lines from Los Angeles to Lancaster via Mint Canyon and from Los Angeles to Lancaster via Boquet Canyon, such tariffs and time schedules to eliminate the intermediate stations of San Fernando and Newhall, no authority having been granted to applicant to operate locally on its Lancaster lines to points intermediate between Los Angeles and Saugus.

It is hereby further ordered, that as to all other matters herein applied for by applicant, Motor Transit Company, in these proceedings, the same be and they hereby are denied.

The Railroad Commission hereby declares that public convenience and necessity require the operation by Packard Stage Line, a corporation (successor in interest to K. F. Beyerle, C. A. Sansome, L. J. Austin, R. R. Wilson, T. E. Hutson and W. H. Powell, copartners, operating under the fictitious name of Packard Stage Line, as authorized by this Commission's Decision No. 12715, of October 16, 1923, on Application No. 9275), of local service between Los Angeles and Lancaster, serving as intermediates the communities at Newhall, Saugus, School House, Vincent and Palmdale, such local service to be rendered on through stages of Packard Stage Line, a corporation, as operated between Los Angeles and Bakersfield via Mojave; and

It is hereby ordered, that a certificate of public convenience and necessity be and the same hereby is granted to Packard Stage Line, a corporation, authorizing the transportation of passengers, baggage and express between Los Angeles and Lancaster, serving as intermediates the communities at Newhall, Saugus, School House, Vincent and Palmdale, provided, however, that such carriage of passengers and property be transported on through cars of Packard Stage Line, a corporation, as operated between Los Angeles and Bakersfield via Mojave. No authority is hereby conveyed for the establishment of a local service by the operation of local cars between Lancaster and Los Angeles and intermediate points, the service to be confined to through cars of Packard Stage Line, a corporation. The operative rights herein granted for the transportation of baggage, express and packages are for baggage and express packages not exceeding forty (40) pounds in weight for each package.

Grantee, Packard Stage Line, a corporation, is hereby required to file with this Commission written acceptance of the certificate of public convenience and necessity herein granted within fifteen (15) days from the date of the order herein, said acceptance to state the date upon which the operation herein authorized will commence, which date shall not be in excess of thirty (30) days from the date of the order herein unless extended by supplemental order of this Commission. Tariffs and time schedules covering the operation herein authorized must be filed at least ten (10) days prior to the date of commencement of operation, in duplicate, and in accordance with the provisions of General Order No. 51 and other regulations of the Railroad Commission which, in so far as applicable, are hereby made a portion of the order in this proceeding.

It is hereby further ordered, that as to Motor Transit Company, applicant herein, and Packard Stage Line, a corporation (successor in interest to applicants in Application No. 8525), the order in this proceeding is subject to the following conditions:

1. The rights and privileges hereby granted may not be sold, leased, transferred, assigned or hypothecated unless the written consent of the Railroad Commission to such sale, lease, transfer, assignment or hypothecation shall first have been secured.

2. No vehicle may be operated under the rights hereby conveyed and granted in these proceedings unless such vehicle is owned by the grantees herein or is leased by such grantees under a contract or agreement on a basis satisfactory to the Railroad Commission.

The effective date of this order is hereby fixed as of May 15, 1924.

Dated at San Francisco, California, this twenty-second day of April, 1924.

DECISION No. 13458.

IN THE MATTER OF THE APPLICATION OF I. W. LAMPMAN FOR A
CERTIFICATE OF PUBLIC NECESSITY AND CONVENIENCE.

Application No. 9842.

Decided April 23, 1924.

George L. Hampton, for Applicant.
Fred Gearhart, for the Consumers.

BY THE COMMISSION.

OPINION.

In this proceeding I. W. Lampman, operating under the name and style of Magnolia Water Company, asks for a certificate of public convenience and necessity and the establishment of rates for water service rendered to consumers.

A public hearing in this matter was held by Examiner Williams at Los Angeles, after due notice thereof had been given so that all interested parties might appear and be heard.

At the present time applicant is supplying water without charge to approximately 75 consumers in Tract No. 5527, Los Angeles County, commonly known as Magnolia Park. The territory comprises about 200 acres and is located immediately south of the city of South Gate.

The water system consists of a 15-inch well, 350 feet in depth; an electrically operated pump with automatic control; an elevated tank of 25,000 gallons capacity; and a distribution system consisting of pipes of 10-inch diameter and less. The water supply is apparently ample to provide adequate service to all consumers who may locate in this tract. A franchise has been secured from the county of Los Angeles covering the operation of a water system in Tract No. 5527, and a copy thereof was filed with the application.

Applicant stipulated that a full return upon the investment in the property is not expected at this time, and that rates similar to those charged by other utilities operating in the vicinity will be acceptable.

No one appeared to protest the granting of the certificate, and a consideration of the evidence submitted leads to the conclusion that the desired authority should be granted.

A committee of consumers appeared at the hearing and asked that applicant be ordered to provide adequate mains and fire hydrants for fire protection purposes. The territory served by applicant is outside the limits of any incorporated city or town and there is therefore no municipal or other organization against which the charges for such fire protection service can be assessed. It appears that the matter can best be handled through the creation of a county fire district or through incorporation with some existing fire district, in which event the necessary arrangements can be made with the utility so that such fire protection service as is desired can be obtained upon an equitable basis.

ORDER.

Application having been made to this Commission as entitled above, a public hearing having been held thereon, the matter having been submitted and the Commission being now fully informed in the matter:

The Railroad Commission of the State of California hereby declares that public convenience and necessity require and will require that I. W. Lampman operate a public utility water system within the territory described in Ordinance No. 917, new series, passed by the board of supervisors of Los Angeles County on September 24, 1923.

It is hereby ordered, that I. W. Lampman be and he is hereby authorized to file with this Commission within twenty (20) days from the date

of this order the following schedule of rates for all water delivered to consumers subsequent to May 31, 1924:

Monthly Minimum Meter Rates.

5-inch meter	-----	\$1 00
4-inch meter	-----	1 25
1-inch meter	-----	1 75
1½-inch meter	-----	2 25
2-inch meter	-----	4 00
3-inch meter	-----	8 00
4-inch meter	-----	12 00

Each of the foregoing monthly minimum meter charges shall entitle the consumer to the quantity of water which that amount of money would purchase at the following monthly meter rates.

Monthly Meter Rates.

From 0 to 500 cubic feet, per 100 cubic feet	-----	\$0 20
From 500 to 3,000 cubic feet, per 100 cubic feet	-----	15
Over 3,000 cubic feet, per 100 cubic feet	-----	12

Monthly Flat Rates.

Service to house and lot	-----	1 50
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It is hereby further ordered, that I. W. Lampman be and he is hereby directed to file with this Commission within thirty (30) days from the date of this order rules and regulations to govern relations with his consumers, such rules and regulations to become effective upon their acceptance by the Commission.

Dated at San Francisco, California, this twenty-third day of April, 1924.

DECISION No. 13460.

S. M. CALL

vs.

EXCELSIOR WATER AND MINING COMPANY, A CORPORATION.

Case No. 1944.

Decided April 23, 1924.

SERVICE—WATER UTILITY—EXCESS WATER.—In dismissing the complaint of S. M. Call, the Commission called attention to the fact that the defendant has filed, at the Commission's suggestion, a rate covering the sale of excess water when available during the irrigation season.

Ray Manwell, by *Harry Encell*, for Complainant.

Devlin and Brockman, by *Douglas Brookman*, for Defendant.

BY THE COMMISSION.

OPINION.

This is a proceeding brought by S. M. Call, a farmer, against the Excelsior Water and Mining Company, now the Excelsior Water and Power Company, which serves water for irrigation and industrial purposes in Nevada and Yuba counties. The complaint alleges that the

company has at various times refused to furnish irrigation water on a season basis; that during the 1923 irrigating season complainant applied for irrigation water and was refused service at the beginning of the season, and when the application was later accepted, complainant was compelled to become liable for the desired quantity of water for the entire season; that the company's refusal to furnish water in 1923 caused complainant untold damage; that the company has an abundant supply of water for all purposes and that water was running to waste at the time the complaint was filed. Wherefore the Commission is asked to determine whether a public utility water company can charge for water that it does not furnish, and that such rules and regulations be established as shall be proper in the premises.

The company, in its answer, denies that it refused complainant irrigation water except as it was required to do so under its rules and regulations filed with this Commission; denies that complainant suffered any damage by reason of the company's refusal to furnish irrigation water; denies that it has ever refused complainant irrigation water except and only when complainant failed to comply with the provisions of its rules and regulations; alleges that the matters complained of have all been informally presented and determined by the Commission; and asks that the complaint be dismissed.

A hearing in this proceeding was held in San Francisco before Examiner Satterwhite after all interested parties had been notified and given an opportunity to appear and be heard.

At the hearing it was stipulated that the complaint should be directed against Excelsior Water and Power Company instead of the Excelsior Water and Mining Company, which was the former name of this corporation.

It appears that complainant made application for irrigation water at the beginning of the 1923 irrigation season but that the application was not accepted by the company for the reason that complainant was delinquent in the payment of the preceding season's water charges. This delinquency was the result of a dispute between complainant and the company over the payment of 1922 season water bills for reasons similar to those set out in the present complaint. The disputed amount was not deposited with the Commission until the end of June, and water was delivered in the early part of July after regular application had been made for same. At the end of the season the company billed complainant for water for the entire season, which brought about the filing of the complaint in this proceeding.

The company contends that it could not do otherwise than charge complainant for the entire season, as the rates in effect provide only for the sale of water on a season basis. The company showed, however, that complainant was given an opportunity to make regular application

for service at the beginning of the season and that he could have removed the delinquency charge at that time by depositing the amount in dispute with this Commission and thereby obtain water for the entire season.

This is a case in which the matters complained of are covered by the rules and regulations of the company. These rules have been accepted for filing by the Commission and appear reasonable. They provide for the discontinuance of service after a thirty-day notice for nonpayment of water charges, and further provide that service will not be restored until the amount due is either paid or deposited in full with the Railroad Commission. Complainant had knowledge of the season rate, and was also familiar with the rules and regulations and could have avoided making demands for water so late in the season. To permit complainant or other consumers to defer their demands for water until the middle of the irrigation season would defeat the purpose of the season rate.

The season rate was established for the purpose of promoting a more uniform use of water throughout the season, thereby avoiding an excessive use during the hot summer months when the water supply is comparatively low, and a corresponding period of nonuse in the early spring when water is plentiful. In fact, it was testified that the company's ditches did not have sufficient capacity to deliver the quantity of water that would be required to supply the consumers if they should all request water at one time. However, it was testified by complainant and admitted by the company that water is sometimes wasted during the summer months, when it possibly could be used by the consumers if they were permitted to purchase it. In order to provide for the sale and use of excess water, it was suggested at the hearing that the company make application to this Commission for authority to file a rate covering the sale of water on demand during the irrigation season when excess water is available. Since the submission of the matter such a rate has been filed and accepted by the Commission.

A careful consideration of all the evidence submitted indicates that the complaint should be dismissed.

ORDER.

Complaint having been made to this Commission by S. M. Call against the Excelsior Water and Power Company, a public hearing having been held thereon, the matter having been submitted and the Commission being now fully informed in the matter;

It is hereby ordered, that said complaint be and it is hereby dismissed.

Dated at San Francisco, California, this twenty-third day of April, 1924.

DECISION No. 13467.

IN THE MATTER OF THE APPLICATION OF H. D. VAIL AND ANNA H.
VAIL FOR CERTIFICATE OF PUBLIC CONVENIENCE AND NECES-
SITY.

Application No. 9834.

Decided April 24, 1924.

H. D. Vail, in propria persona.

J. I. Boheim, in propria persona.

BY THE COMMISSION.

OPINION.

In this application H. D. Vail and Anna H. Vail ask that they be granted a certificate of public convenience and necessity permitting the operation of a public utility to supply water for domestic purposes to territory in the vicinity of Downey, Los Angeles County.

A public hearing in this matter was held at Los Angeles before Examiner Williams after all interested parties had been duly notified and given an opportunity to be present and be heard. The application was amended at the hearing to include J. I. Boheim as an applicant, as he is a part owner in the water system, and the request was also made that the Commission establish rates to be charged for the service rendered.

This water system was installed to aid in the sale of lots by applicants, and consists of an 8-inch well, 117 feet deep, a 2-inch centrifugal pump operated by a 5-horsepower electric motor automatically controlled, an elevated tank of 3000 gallons capacity, and a distribution pipe system consisting of 2-inch and 3-inch mains. Thirty-seven lots will be supplied eventually with water, the same being a subdivision of lots 8 to 14, inclusive, of Tract No. 2707, Los Angeles County. Seven consumers are now supplied with water for which no charge is made.

The testimony shows that applicants are able to render adequate service in the territory they have undertaken to supply. A full return upon the investment is not expected at this time, and applicants are willing to accept a schedule of rates similar to those charged by other utilities operating in the vicinity under like conditions.

No one appeared to protest the granting of this application, and it is evident that public convenience and necessity will be best served by authorizing applicants to operate the water system as a public utility.

ORDER.

Application having been made to this Commission for a certificate of public convenience and necessity and for the establishment of rates, a public hearing having been held thereon, the matter having been submitted, and the Commission being now fully informed in the matter:

54-29729

The Railroad Commission of the State of California hereby declares that public convenience and necessity require and will require that H. D. Vail, Anna H. Vail and J. I. Boheim operate a public utility water system in the territory described in the application herein.

It is hereby ordered, that H. D. Vail, Anna H. Vail and J. I. Boheim be and they are hereby authorized to file with this Commission within twenty (20) days from the date of this order the following schedule of rates to be charged for all water delivered to consumers subsequent to May 31, 1924:

Monthly Minimum Meter Charges.

$\frac{5}{8}$ -inch meter	\$1 00
$\frac{3}{4}$ -inch meter	1 25
1-inch meter	1 75
$1\frac{1}{2}$ -inch meter	2 25
2-inch meter	4 00

Each of the foregoing monthly minimum meter charges will entitle the consumer to the quantity of water which that amount of money will purchase at the following monthly meter rates.

Monthly Meter Rates.

From 0 to 400 cubic feet, per 100 cubic feet	\$0 25
From 400 to 1,000 cubic feet, per 100 cubic feet	20
From 1,000 to 3,000 cubic feet, per 100 cubic feet	15
Over 3,000 cubic feet, per 100 cubic feet	12

Meters may be installed upon any service at the option of either the utility or the consumer. If installed at the option of the utility, the entire cost thereof shall be borne by the utility. If installed at the option of the consumer, the cost of the meter and its installation shall be advanced by the consumer to the utility, and the amount so deposited shall be refunded to the consumer as credits on the monthly bills for water consumed, at the rate of 30 per cent of the total amount of such monthly bills.

Monthly Flat Rates.

Service to house and lot	\$1 50
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It is hereby further ordered, that H. D. Vail, Anna H. Vail and J. I. Boheim be and they are hereby directed to file with this Commission, within thirty (30) days from the date of this order, rules and regulations to govern relations with consumers, such rules and regulations to become effective upon their acceptance by the Commission.

Dated at San Francisco, California, this twenty-fourth day of April, 1924.

DECISION No. 13468.

IN THE MATTER OF THE APPLICATION OF ED FLETCHER, SOLE SURVIVING PARTNER OF THE PARTNERSHIP COMPOSED OF JAMES A. MURRAY, NOW DECEASED, ED FLETCHER AND WM. G. HENSHAW, DOING BUSINESS UNDER THE FIRM NAME AND STYLE OF CUYAMACA WATER COMPANY, FOR AN ORDER AUTHORIZING THE SALE OF A CERTAIN WATER SYSTEM IN SAN DIEGO COUNTY, NOW OWNED AND OPERATED BY SAID PARTNERSHIP, AND OF THE CUYAMACA WATER COMPANY, A CORPORATION, TO PURCHASE AND ACQUIRE SAID WATER SYSTEM, AND FOR

AN ORDER AUTHORIZING THE ISSUE OF STOCKS AND BONDS
OF SAID CORPORATION.

Application No. 9865.

Decided April 24, 1924.

Crouch and Sanders, by *H. A. Sanders*, for Cuyamaca Water Company, a partnership.*Flint and McKay*, by *A. R. Smiley*, for Cuyamaca Water Company, a corporation.

BY THE COMMISSION.

OPINION.

The Railroad Commission is asked to make an order authorizing Ed Fletcher, as sole surviving partner of the partnership formerly composed of James A. Murray, now deceased, Ed Fletcher and Wm. G. Henshaw, doing business under the firm name and style of Cuyamaca Water Company, to sell and transfer to Cuyamaca Water Company, a corporation, all the property owned by the copartnership and described in this application, and authorizing the corporation to purchase and operate such properties and issue \$1,000,000 par value of common stock, and \$750,000 of bonds to acquire the properties.

Ed Fletcher is the sole surviving partner of the old and dissolved copartnership of Cuyamaca Water Company, and for that reason is said to be entitled to the sole and exclusive possession and management of the property of the dissolved partnership for the purpose of settling up the partnership estate and business.

The Commission in several previous proceedings has reviewed the history of the Cuyamaca Water Company, a copartnership, and has fixed values upon properties of the copartnership for condemnation purposes and has also considered the cost or value of such properties for the purpose of establishing rates. Particular reference is made to Decision No. 536, dated March 28, 1913 (Volume 2, Opinions and Orders of the Railroad Commission of California, page 464); Decision No. 2527, dated June 26, 1915 (Volume 7, Opinions and Orders of the Railroad Commission of California, page 305); Decision No. 2531, dated June 26, 1915 (Volume 7, Opinions and Orders of the Railroad Commission of California, page 334); Decision No. 8145, dated September 24, 1920 (Volume 18, Opinions and Orders of the Railroad Commission of California, page 897); Decision No. 9454, dated September 1, 1921 (Volume 20, Opinions and Orders of the Railroad Commission of California, page 507); and Decision No. 12277, dated June 26, 1923.

Applicants, in their Exhibit No. 1, filed in this proceeding, submit a general description of the properties to be transferred, together with their reported value. The cost of the properties to the copartnership, as disclosed by its records, appears in the Commission's Exhibit No. 1, prepared by T. G. Hughes, special accountant for the Railroad Com-

mission. The exhibit also shows the operating revenues and operating expenses for the years 1919 to 1923, both inclusive. After providing for depreciation, the company, during 1919 suffered a loss of \$125.50; during 1920, a loss of \$14,189.67; while during 1921 it had a surplus of \$60,369.71; during 1922, a surplus of \$20,247.33; during 1923, a surplus of \$47,913.79. The large surplus earnings during 1921 are primarily accounted for by the sale of water to the city of San Diego. The company sold no water to the city during 1922 or 1923. It is of record that the company may sell some water to the city during the current year.

The record in this proceeding does not warrant the Commission to authorize the issue of \$750,000 of bonds. It is believed that not more than \$500,000 of bonds should be issued by Cuyamaca Water Company, a corporation, to pay, in part, for the properties which it intends to acquire and that such bonds should bear interest at not to exceed $6\frac{1}{2}$ per cent per annum, payable semiannually. No copy of the proposed deed of trust securing the payment of the bonds has been filed with the Commission. Not until a copy of such proposed deed of trust satisfactory in form to the Commission has been filed will a final order authorizing the issue of the bonds be made in this proceeding.

ORDER.

Application having been made to the Railroad Commission for an order authorizing the transfer of the properties formerly owned by the Cuyamaca Water Company, a copartnership, to the Cuyamaca Water Company, a corporation, and for permission to issue stocks and bonds in payment for such properties, a public hearing having been held before Examiner Fankhauser, and the Railroad Commission being of the opinion that the Cuyamaca Water Company, a corporation, should be authorized to issue not exceeding \$500,000 of first mortgage bonds and not exceeding \$1,000,000 of common capital stock for the purpose of acquiring the properties formerly owned by the Cuyamaca Water Company, a copartnership, and described in this application, and that the money, property or labor to be procured or paid for by the issue of the stocks and bonds herein authorized is reasonably required for the purposes specified in this order;

It is hereby ordered, that Ed Fletcher, sole surviving partner of the partnership formerly composed of James A. Murray, now deceased, Ed Fletcher and Wm. G. Henshaw, doing business under the firm name and style of Cuyamaca Water Company, be and he is hereby authorized to sell and transfer to the Cuyamaca Water Company, a corporation, all of the property described in this application and in applicant's Exhibit No. 1 filed in this proceeding.

It is hereby further ordered, that the Cuyamaca Water Company, a corporation, be and it is hereby authorized to purchase and operate

such properties and to issue in payment therefor not exceeding \$1,000,000 par value of common stock and not exceeding \$500,000 face value of first mortgage bonds.

The authority herein granted is subject to further conditions as follows:

1. None of the bonds herein authorized to be issued shall be delivered until the Commission by supplemental order has authorized the execution of a deed of trust to secure the payment of the bonds.

2. The consideration being paid for the properties of the Cuyamaca Water Company, a corporation, shall not be interpreted as a finding of the value of such properties for the purpose of fixing rates or for any purpose other than the transfer herein authorized.

3. Applicant shall keep such record of the issue, sale and delivery of the stock and bonds herein authorized and of the disposition of the proceeds as will enable it to file on or before the twenty-fifth day of each month a verified report, as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

4. The authority herein granted will become effective when the Cuyamaca Water Company, a corporation, has paid the fee prescribed by section 57 of the Public Utilities Act, which fee amounts to \$500. No stock or bonds may be issued, sold or delivered under the authority herein granted after August 1, 1924.

Dated at San Francisco, California, this twenty-fourth day of April, 1924.

DECISION No. 13472.

IN THE MATTER OF THE APPLICATION OF EAST BAY WATER COMPANY, A CORPORATION, FOR AN ORDER EXTENDING THE TIME TO SELL STOCK.

Application No. 9837.

Decided April 24, 1924.

McKee, Tasheira and Wahrhaftig, by *A. G. Tasheira*, for Applicant.

BY THE COMMISSION.

ORDER.

In the above entitled application, East Bay Water Company asks the Commission to make an order extending the time within which it might issue and sell the Class "A" 6 per cent cumulative stock heretofore authorized by the Commission in Decision No. 6108, dated February 13, 1919; Decision No. 7062, dated January 27, 1920; Decision No. 8938, dated May 6, 1921; Decision No. 9655, dated October 27, 1921; Decision No. 9964, dated January 4, 1922; and Decision No. 11061, dated

October 5, 1922; and to make such further order as may seem necessary and proper.

The Commission, by its order in these decisions, authorized East Bay Water Company to issue in the aggregate \$1,626,382.41 of its Class "A" 6 per cent preferred stock and to use the proceeds to finance construction expenditures and to refund sinking fund payments. The time within which the company might sell the stock covered by the various decisions expired on or before June 30, 1923. At the time of expiration of the different orders, the company reports that it had issued and sold \$1,491,600 of stock, leaving a balance unissued of \$134,782.41. The company now desires to issue this stock and accordingly asks the Commission to make an order authorizing it to do so.

A public hearing in this matter was held before Examiner Fankhauser. The Commission has given consideration to applicant's request and believes it should be granted. It is further of the opinion that the company should be permitted to use the proceeds that it will receive from the sale of such stock to reimburse its treasury on account of earnings used in additions and betterments which have heretofore been reported to the Commission in these proceedings; therefore,

It is hereby ordered, that East Bay Water Company be and it is hereby authorized to issue and sell at not less than 85 per cent of par value the \$134,782.41 of its Class "A" 6 per cent preferred stock heretofore authorized by the Commission in the decisions to which reference is made herein and to use the proceeds to reimburse its treasury on account of surplus earnings used for extensions, additions and betterments.

The authority herein granted is subject to further conditions as follows:

1. Applicant shall keep such record of the issue, sale and delivery of the stock and of the disposition of the proceeds as will enable it to file on or before the twenty-fifth day of each month a verified report, as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

2. None of the stock herein authorized to be issued may be issued, sold or delivered subsequent to December 31, 1924.

Dated at San Francisco, California, this twenty-fourth day of April, 1924.

DECISION No. 13478.

IN THE MATTER OF THE APPLICATION OF THE SOUTHERN CALIFORNIA TELEPHONE COMPANY FOR AN ORDER FIXING JUST AND REASONABLE RATES FOR TELEPHONE SERVICE, AUTHORIZING THE FILING OF SAME WITH THE COMMISSION, FIXING A DATE WHEN SUCH JUST AND REASONABLE RATES SHALL BECOME EFFECTIVE, AND DEFINING EXCHANGE BOUNDARIES FOR THE ADMINISTRATION AND ADVOCATING OF SAID JUST AND REA-

SONABLE RATES. TOGETHER WITH RULES AND REGULATIONS
APPERTAINING THERETO.

Application No. 8145.Decided April 24, 1924.

BY THE COMMISSION.

SUPPLEMENTAL ORDER.

WHEREAS, this Commission in its Decision No. 12733, dated October 22, 1923, ordered Southern California Telephone Company to file with this Commission, for its approval, revised definitions and rules and regulations defining and governing all classes of service rendered by it; and

WHEREAS, the definitions, rules and regulations filed by Southern California Telephone Company, in compliance with this order, are not full and complete, considering the conditions existing at present; and

WHEREAS, the definitions, rules and regulations, as set forth in Exhibit "A," attached to this order, do fully cover the conditions now existing throughout the territory served by Southern California Telephone Company, and to the service rendered by it;

It is hereby ordered, that Southern California Telephone Company file with this Commission, on or before May 15, 1924, the definitions, rules and regulations, as set forth in Exhibit "A," attached hereto.

It is hereby further ordered, that the definitions, rules and regulations, as set forth in Exhibit "A," attached hereto, be made effective on and after July 1, 1924.

Dated at San Francisco, California, this twenty-fourth day of April, 1924.

EXHIBIT "A."**RULES AND REGULATIONS APPLYING TO TELEPHONE SERVICE OF
SOUTHERN CALIFORNIA TELEPHONE COMPANY.**

DEFINITIONS.

Certain terms and phrases used in the following rules and regulations have the meaning as given in the definitions set forth below.

1. Exchange.

An exchange consists of one or more central offices, usually located in the same city, town or village, forming a local system providing local service between the subscribers in said city, town or village, or contiguous thereto, at rates established for that area.

2. Exchange area.

The exchange area for any particular exchange is the total area within which the company holds itself out to furnish exchange telephone service from central offices serving that area.

3. Primary rate area.

The primary rate area is an area which comprises the more congested territory within an exchange area in which the primary rates without mileage apply.

4. Suburban area.

The suburban area is that portion of the exchange area located outside or beyond the boundary of the primary rate area.

5. *Exchange service.*

Exchange service is telephone service furnished between subscribers within an exchange area.

6. *Toll service.*

Toll service is telephone service from one exchange or toll station to another exchange or toll station.

7. *Telephone service.*

Telephone service is service including both exchange and toll service.

8. *Flat rate service.*

Flat rate service is unlimited exchange service furnished for a fixed periodic charge.

9. *Coin box service.*

Coin box service is exchange service furnished from coin boxes, which requires a cash payment for each outgoing message.

10. *Business service.*

Business service is exchange service furnished individuals engaged in a business, firms, partnerships, corporations, agencies, shops, works, tenants of office buildings and hotels receiving individual or party-line service, and individuals conducting any business or practicing a profession having no other office than their residence, where the actual or obvious use is for business purposes.

11. *Residence service.*

Residence service is exchange service furnished subscribers at their residences or places of dwelling, where the actual or obvious use is for domestic purposes.

12. *Individual line service.*

Individual line service is exchange service furnished to a subscriber by means of an individual primary station connected to an individual line.

13. *Party-line service.*

Party-line service is exchange service furnished to a subscriber by means of a primary station connected to a line to which other primary stations may be permanently connected, all of which have access to that line.

14. *Suburban service.*

Suburban service is a ten-party line service furnished within the suburban area.

15. *Farmer line service.*

Farmer line service is exchange service furnished in the suburban area where the lines are built, owned and maintained by individuals and join the company's line at the boundary of the primary rate area or the city limits, in case the latter boundary is located a greater distance from the central office than the former. The connection of these lines with the exchange serving them is made at the company's central office and the subscribers are exchange subscribers.

16. *Private branch exchange service.*

Private branch exchange (P. B. X.) service is that exchange service furnished by means of trunk lines from the company's central office and branch switchboard, primary and extension stations, located on the subscriber's premises and operated by the subscriber.

(a) *Hotel private branch exchange service.*

Hotel P. B. X. service is P. B. X. service furnished to hotels, rooming and apartment houses, or to such portion of buildings letting rooms to the public for living quarters. Clubs letting rooms to members or guests of members only are not considered as being subscribers entitled to hotel service.

(b) *Commercial private branch exchange service.*

Commercial P. B. X. service is P. B. X. service furnished to a business (except hotels) as referred to in Definition No. 10.

17. *Intercommunicating service.*

Intercommunicating service is exchange service furnished to a subscriber by means of intercommunicating equipment which is so arranged that each station of that equipment may make connection with the various stations of its own system and also with the company's central office.

18. *Private interior system.*

Private interior system consists of telephone equipment furnished strictly within the confines of subscriber's premises, where the system as a whole is not connected to the company's central office. Any individual station on a private interior system may, however, receive exchange service through the company's central office by the necessary additional equipment provided under the published rates for such a service.

19. Premises.

A premises is that portion of an individual house or building entirely occupied by one family, one flat or apartment occupied by one family or any room of an office building, or two or more adjoining or opposite rooms of an office building, or two or more adjoining floors of an office building, providing all rooms on those floors are occupied by the same applicant or subscriber. Garages, caretakers' quarters used in connection with an individual house or building will be considered as a part of the premises of that house or building.

20. Ownership of premises.

Ownership of a premises will be established after a certificate is submitted to the effect that the premises is owned by the subscriber.

21. Applicant.

An applicant is a party applying for telephone service.

22. Subscriber.

A subscriber is a party who is receiving either partial or complete exchange telephone service.

23. Emergency.

An emergency exists in connection with an application for service in case of serious sickness or where public safety or public need is involved.

24. Member of a firm or business.

Individuals, firms, companies or associations engaged in the same business or profession on one premises, receiving service from the same facilities, are considered as members of a firm or business if the individuals or members of the firm, company or association file a joint income tax return and also if any individual member of a firm, company or association substantially participates in the earnings of his fellow members of such firm, company or association.

25. Temporary service.

Temporary service is service definitely known to be required for a short period (in general, less than 12 consecutive months) such as service to contractors for use during construction of a building, service to a circus, etc., of a temporary nature.

26. Speculative project.

Speculative projects are projects involving oil wells, mining projects, or other enterprises of speculative or hazardous nature.

27. Instrumentalities.

Instrumentalities are the telephone instruments located on a premises, excluding inside wiring, protective apparatus and drop wire. In case of a P. B. X., the instrumentalities include the switchboard and telephone instruments.

28. Temporary disconnect.

A service is temporarily disconnected when incoming service only is denied by the company.

29. Permanent disconnect.

A service is permanently disconnected when both incoming and outgoing service is denied by the company.

30. Date of presentation.

The date of presentation of a bill or notice from the company to any party is the date upon which that bill or notice is properly addressed and mailed, postage prepaid, in a sealed envelope to that party, or when delivered in person, the date upon which that bill or notice is given to that party.

31. Primary station.

A primary station is the main telephone station (excluding extension stations) of a subscriber's service. In case of a private branch exchange, the primary station includes all the subscriber's private branch exchange stations (excluding extension stations).

32. Extension station.

An extension station is an additional station connected to a primary station, both of which use the same circuit to the central office and, in the case of the private branch exchange, the extensions to the primary stations.

33. Supersedure.

A supersedure of a service means the transfer of a service, including the telephone number, from one party to another.

34. Line extension.

A line extension is the outside plant required in addition to existing facilities to render telephone service, and excludes instrumentalities, inside wiring, protective apparatus and drop wire.

RULE AND REGULATION NO. 1.

Description of Service.

A. General.

The company renders exchange telephone service throughout the territory served by it, as shown in maps filed with its schedule of rates. There is available to the subscriber, for his use, toll service with connecting companies.

The company furnishes both automatically and manually operated telephones. The company may install either kind and may change the kind of telephone after installation, depending upon the need and requirements of the service.

The exchange area is divided into a primary rate area, comprising the more congested portion of the territory served, and a suburban area, the territory served surrounding or beyond the primary rate area.

B. Service.

The company renders service, within the primary rate area and suburban area, under its effective rate schedules, and in general, as follows:

1. Class of service—

The following classes of service are furnished:

- a. Business service.
- b. Residence service.

2. Type of service—

The following types of service are furnished:

- a. Flat rate service.
- b. Coin box service.

3. Grade of service—

In general, the following grades of service are furnished:

<i>Grade of service</i>	<i>Area applicable</i>
a. Individual line -----	P. R. A. and S. A.
b. Two and four party line -----	P. R. A. and S. A.
c. Suburban -----	S. A.
d. Farmer line -----	S. A.
e. Private branch exchange—	
Commercial -----	P. R. A. and S. A.
Hotel -----	P. R. A. and S. A.
f. Intercommunicating -----	P. R. A. and S. A.

NOTE.—P. R. A.—Primary rate area.

S. A.—Suburban area.

Individual and party-line business and residence service is rendered in the suburban area under rates for that service applicable in the primary rate area, plus mileage rates.

Miscellaneous service, including interior telephone systems for apartment houses, rentals for attachments to the company's pole lines, private interior systems, private lines, and supplemental equipment, is furnished by the company under its schedule of rates.

Service is furnished at the base rates associated in the exchange service schedules where the stations of the subscribers are on the premises in which the primary stations, private branch exchange switchboard or receiving station is located.

The application of business and residence rates to private and public telephone service is governed by the actual or obvious use made of the service by the subscriber. If residence service is found to be used largely or principally for business purposes, the company will provide business service, except in cases where the subscriber will thereafter use the service for domestic or social requirements.

C. Extension stations.

1. Number—

The following is the maximum number of extension stations which will be connected to a primary station:

<i>Class of service</i>	<i>Maximum number of extension stations</i>
Individual -----	3
Two-party -----	1 per service
Four-party -----	None

2. Location outside premises—

Extension stations for business service will be installed outside the premises in which the primary station is located, provided, they are for use by the subscriber only and are located on the subscriber's premises and within the standard transmission limits.

Extension stations for residence service will be installed only in connection with the subscriber's residence service for use by the subscriber, and must be located on the same premises.

D. Auxiliary line stations.

Auxiliary line stations will be provided only in connection with individual line business service, and will be located on the same premises as the individual business line. Telephone numbers of auxiliary lines will not be listed in the telephone directory.

E. Private branch exchange service.**1. Commercial service—**

Private branch exchange switchboards consist of at least one position, two trunk lines and four stations, excluding switchboard telephone.

Cordless switchboards, with a maximum capacity for three trunk lines and seven stations, are provided with a standard desk station.

One or two position cord switchboards will be provided with a transmitter attached to the switchboard and a detachable single-head receiver. An operating set, consisting of a single-head and chest type transmitter, will be provided for switchboards of two or three positions, when requested, without additional charge. Operators' chairs will be provided with each multiple switchboard. The switchboards will be provided in standard finish at the time of installation.

2. Hotel service—

Private branch exchange switchboards will consist of at least one position, two trunk lines and ten stations, excluding switchboard telephone.

One or two position cord switchboards will be provided with a transmitter attached to the switchboard and a detachable single-head receiver.

Switchboards exceeding three positions are provided with detachable operators' sets consisting of a single-head receiver and a chest type transmitter.

The operators' sets will be provided for switchboards of two or three positions, if requested, without additional charge. Operators' chairs will be provided with each multiple switchboard. Switchboards will be provided in standard finish at the time of installation.

F. Intercommunicating systems.

Intercommunicating systems will consist of at least the following number of trunks and stations:

Service	Minimum trunks	No. of stations*
Business -----	2	4
Residence -----	1	3

*Includes receiving stations.

G. Suburban service.

Suburban service will be rendered outside the primary rate area, but within the exchange area, to less than ten (10) subscribers; provided, the total minimum exchange revenue from each circuit is not less than that of five (5) residence stations. In no case will the total number of stations connected to one circuit exceed ten (10) stations.

H. Private interior systems.

Private interior systems will be installed where they can be effected with standard wiring, telephones, and switching devices. Any interior system connected to the company's system shall be installed (or its installation approved by the company), owned and maintained by the company.

I. Private lines.

Private lines will be provided solely for communication between stations thereon and will not be connected with the company's exchange service lines.

J. Vacation service.

Subscribers to residence service, while temporarily absent from their residences, may obtain a vacation rate under conditions as set forth in the schedule of rates.

RULE AND REGULATION NO. 2.**Application for Service.**

The company will require each applicant to sign an application for the service desired, on a form provided by the company, as a condition precedent to the initial establishment of such service.

The application for initial service shall set forth:

- Listing as it is to appear in the telephone directory.
- Classified heading in telephone directory.
- Additional listings as they are to appear in telephone directory.
- Service desired.
- Purpose for which service is to be used.
- Whether facilities are in place on premises where service is desired.
- Whether applicant is the owner, agent or tenant of the premises.
- Date applicant will be ready for service.
- Address to which bills are to be mailed or delivered.
- Date of application.
- Signature of applicant.
- Such other information as the company may reasonably require.

The company will accept an oral or written application from a subscriber for additions to or changes in the existing service of such subscriber.

An application is merely a request for service and does not in itself bind the company to serve except under reasonable conditions, nor does it bind the applicant to take service.

An application for service canceled by the applicant or the company prior to the establishment of the service applied for, is subject to the following conditions:

A. Canceled by applicant.

1. If cancellation is requested by applicant prior to the time instrumentalities are installed on applicant's premises, the application will be canceled by the company and no charge will be made against the applicant except as specifically covered by written contract as provided for in these rules and regulations.

2. If cancellation is requested by applicant subsequent to the time instrumentalities are installed on applicant's premises but not connected for service, the application will be canceled by the company and the company will collect the service connection charge applicable to the instrumentalities actually installed at the time of requested cancellation or such other amounts as may be specifically provided for by written contract previously made in accordance with these rules and regulations.

3. If cancellation is requested by the applicant subsequent to the time instrumentalities are installed on applicant's premises and connected for service, such cancellation being in effect a regular discontinuance of service, the conditions of the above paragraph A 2 and the minimum requirements of the rate will be applicable.

B. Canceled by company.

If applicant refuses to comply with the company's rules and regulations prior to the establishment of service, the company may cancel the application, in which case any amounts collected from the applicant will be refunded.

RULE AND REGULATION NO. 3.

Rates and Optional Rates.

The rates to be charged by and paid to the company for telephone service will be the rates legally in effect and on file with the Railroad Commission of the State of California. Complete schedules of all rates for exchange service in effect for any district will be kept at all times in the company's local business office for that district where they will be available during regular business hours for public inspection.

Where there are two or more rate schedules applicable to any class of service, the company, or its authorized employees, will call applicant's attention at the time application is made to the several schedules, and the subscriber will be required to designate which rate or schedule he desires.

In the event of the adoption by the company of new or optional schedules of rates, the company will take such measures as may be practicable to advise those of its subscribers who may be affected that such new or optional rates are effective.

In the event that a subscriber desires to take service under a different schedule than that under which he is being served, the change will become effective on the day the change is completed.

RULE AND REGULATION NO. 4.

Special Information Required on Forms.

A. Contracts.

Each contract form for telephone service will contain the following provision:

This contract shall at all times be subject to such changes or modifications as the Railroad Commission of the State of California may from time to time direct in the exercise of its jurisdiction.

B. Bills.

1. Each regular monthly bill for telephone service will contain on the face thereof the following notation:

If this bill is not paid within fifteen days from date of presentation, service may be discontinued, in which event restoration will not be made until this bill and the service charge have been paid.

2. Each regular annual bill for telephone service will contain on the face thereof the following notation:

If this bill is not paid within thirty days from date of presentation, service may be discontinued, in which event restoration will not be made until this bill and the service charge have been paid.

3. Disputed bills—

Each regular bill for telephone service will contain on the face or back thereof the following:

In case of a dispute between the subscriber and the company as to the correct amount of a bill rendered by the company for service furnished to the subscriber, which can not be adjusted with mutual satisfaction, the subscriber may deposit with the Railroad Commission of the State of California the amount claimed by the company to be due. Upon receipt of said deposit, the Commission will investigate the facts and communicate its findings to the parties.

Failure on the part of the subscriber to make such deposit within fifteen days after notice by the company that such deposit must be made or service

may be discontinued, shall warrant the company in discontinuing service without further notice.

C. Deposit receipts.

Each receipt for a deposit collected for the establishment of credit will contain the following provision on the face thereof:

This deposit may be applied, in so far as necessary, in payment of all charges for the telephone service which it guarantees, when such charges remain unpaid after notice in accordance with the company's rules and regulations on file with the Railroad Commission of the State of California that they are due and payable.

This deposit, less the amount of any unpaid bills for telephone service, will be refunded, together with any interest due at 6 per cent per annum, upon discontinuance of service or after the deposit has been held for twelve consecutive months, provided service has been continuous and all bills for such service have been paid in accordance with the rules and regulations as approved by the Railroad Commission of the State of California.

If service is terminated before the expiration of twelve months from the date hereof, the deposit will be refunded without interest, upon payment of all charges then due.

RULE AND REGULATION NO. 5.

Establishment and Reestablishment of Credit.

Each applicant for service will be required to establish his credit before service will be rendered.

A. Establishment of credit.

1. Flat rate exchange service—

Credit of an applicant will be established upon the advance payment before establishment of service, of the charge for service for the period for which bills are regularly rendered as specified in the rate schedule.

2. Coin box exchange service—

Credit of an applicant will be established when the conditions of any one of the following provisions is met:

(a) If applicant is the owner of the premises upon which the company is requested to furnish service or is the owner of other real estate within the exchange area in which service is requested.

(b) If the applicant makes a cash deposit with the company to secure the payment of bills for telephone service to be furnished by the company under the application, as provided in rule and regulation No. 6 herein contained.

(c) If the applicant furnishes a guarantor satisfactory to the company for payment to the company of bills of applicant for telephone service to be furnished by the company under the application.

(d) If the applicant is a subscriber to service in the same exchange in which the changed, additional or new service is applied for and has paid all bills for service on the average within the period set forth in rule and regulation No. 11-A, for a period of twelve consecutive months immediately prior to the date when the application for the changed, additional or new service is made upon the company.

(e) If the applicant has previously been a subscriber of the company in the exchange in which service is applied for and has paid all bills for service on the average within the period as set forth in rule and regulation No. 11-A, for a period of twelve consecutive months immediately prior to the date when the applicant for service previously ceased to take service from the company, provided such service occurred within two years from the date of the new application for service.

3. Toll service—

An applicant's credit for toll service will be established when that applicant has established his credit for exchange service.

B. Reestablishment of credit.

1. All types of service—

a. An applicant for telephone service who has been a subscriber of the company and whose service has been permanently discontinued for failure to pay a bill for telephone service (of the same class as being applied for), within the period as set forth under rule and regulation No. 11-A, within a twelve-month period prior to the last date upon which the applicant received service, provided the date of discontinuance occurred within a period of two years prior to the date of application, may be required, before service is resumed, to reestablish his credit by making a cash deposit in an amount not to exceed a sum equal to the average periodic bill for that service.

b. A subscriber for telephone service who fails to pay his bill for telephone service, as provided in rule and regulation No. 11-A, and who further fails, upon second notice of not less than five (5) days, to pay said bill within the time required by the second notice, may be required, before service is resumed, to pay said bill and to reestablish his credit by making a cash deposit in an amount not to exceed a sum equal to the average periodic bill for that service.

c. A subscriber whose service has been temporarily disconnected for failure to pay a bill for telephone service, as provided in rule and regulation No.

11-A, may be required, before service is resumed, to reestablish his credit by making a cash deposit in an amount not to exceed a sum equal to the average periodic bill for that service.

RULE AND REGULATION NO. 6.

Deposits.

A. *Establishment of credit.*

1. Flat rate exchange service—

No deposits from applicants for flat rate exchange service will be required for the establishment of credit.

2. Coin box exchange service—

The amount of deposit for the establishment of credit for coin box exchange service will be an amount equal to the minimum monthly charge for that service.

B. *Reestablishment of credit.*

The amount of the deposit required from an applicant or subscriber to reestablish credit for telephone service, as set forth in rule and regulation No. 5-B, or from any subscriber whose service has been discontinued for nonpayment of bills, or who has failed to pay bills upon second notice, in time required by second notice, which will not be less than five days, shall not exceed a sum equal to the average periodic bill for that telephone service.

C. *Other deposits.*

The amount of deposit required for purposes other than the establishment and reestablishment of credit will, in each case be in accordance with the terms of the contract as may be provided for in the regular schedule of rates and these rules and regulations.

RULE AND REGULATION NO. 7.

Return of Deposit—Interest on Deposit.

A. *Return of deposit collected in connection with establishment and reestablishment of credit.*

The company will notify the subscriber in writing that his deposit is subject to return and will refund the deposit in accordance with the following provisions:

1. When the service is ordered discontinued by the subscriber, except when there are charges due the company for telephone service to the subscriber, in which case, the deposit will be applied to the charges and the excess portion of the deposit will be returned.

2. When the deposit has been held for twelve consecutive months from the date of receipt thereof and exchange service has been continuous and all bills for telephone service have been paid in accordance with these rules and regulations.

3. When an application is canceled prior to the establishment of service.

B. *Interest on deposit collected in connection with establishment and reestablishment of credit.*

1. Interest at the rate of 6 per cent per annum will be paid on deposit held by the company for the first twelve consecutive months, provided service has been continuous and all bills for telephone service have been paid on the average within the period as set forth in rule and regulation No. 11-A and for such additional time thereafter as the company may hold the deposit up to the date on which the subscriber is notified that the deposit is subject to return.

2. No interest will be paid on a deposit if that deposit is held for a period of less than twelve consecutive months.

C. *Interest on other deposits.*

1. Deposits collected for purposes other than the establishment or reestablishment of credit will in each case be refunded with interest, if any, in accordance with the terms of the contract as may be provided for in the regular schedule of rates and these rules and regulations.

RULE AND REGULATION No. 8.

Priority of Service Application and Supersedure.

A. *Priority of service application.*

Application for service covered by the schedules of rates on file will be accepted by the company. The service requested will be rendered in accordance with the chronological order of their receipt, in so far as practicable and in accordance with economical administration, except in the following cases, in which deviation shall be made in the following order in accordance with the facilities available to serve the applicant's premises:

(1) Application for service in case of real emergency will be given priority over all other applications included under sections (2), (3) and (4) below.

(2) Application where the instrumentalities are in place on the premises to which the application applies and where service to those instrumentalities has not been permanently discontinued and assigned to another subscriber

will be given priority over all other applications included under sections (3) and (4) below.

(3) Application of a party who has been a subscriber of the company within a one month period immediately prior to the date of application will be given priority over other applications referred to under section (4) below.

(4) Application for business service will be given priority over applications for residence service which have been held for a period of less than two months.

B. Supersedure.

An applicant may supersede the service of a subscriber discontinuing that service only when the applicant is to take service on the premises where that service has been rendered and a written notice to that effect from both the subscriber and applicant is presented to the company.

The installation of a service to an applicant when the instrumentalities are in place but where the telephone number of the outgoing subscriber is not to be transferred to the incoming party, will be made in accordance with section A of this rule and regulation.

RULE AND REGULATION NO. 9.

Service Charge for Restoration of Service.

A service charge of \$1 may be made and collected by the company before the restoration of service where service has been temporarily discontinued for any of the following reasons:

- a. Nonpayment of bills as required by these rules and regulations.
- b. To protect the company against fraud.
- c. For failure of subscriber to comply with the company's rules and regulations after service has been established.
- d. For any other reason for which subscriber is responsible, except a change in class, type or grade of service or location of facilities.

When a service has been permanently disconnected the above charge does not apply.

RULE AND REGULATION NO. 10.

Rendering and Payment of Bills.

A. Rendering of bills.

1. Flat rate exchange service—

Bills for flat rate exchange service in the period as specified in the rate schedule may be rendered in advance and are payable in advance.

2. Coin box exchange service—

Bills for coin box exchange service in the period as specified in the rate schedule will be rendered in arrears either monthly, fortnightly, or weekly, and are due and payable on date of presentation.

B. Billing period.

Bills for exchange service will be rendered and coin boxes opened as nearly as possible at regular intervals. Except as otherwise stated, the regular billing period will be once each month.

C. Payment of bills.

Payment of bills for telephone service shall be made at the office of the company or to a duly authorized collector of the company.

Removal bills, special bills, bills rendered on vacation of premises, or bills rendered to persons discontinuing exchange service, will be payable upon presentation. Bills for service connection or restoration of service, and deposits for the establishment or reestablishment of service, must be paid before service will be installed or restored.

D. Adjustment of bills.

Opening, closing and monthly bills for telephone service rendered for periods in excess of or less than a calendar month, will be prorated on the basis of the number of days in the period in question to the total number of days of that month or of an average month of thirty days, when the period in question involves a portion of more than one calendar month, provided, however, that when the total period for which service is taken is less than one month, the total charge for that service will not be less than the monthly minimum charge.

E. Rates applicable during temporary disconnection of service for nonpayment.

When the company has the right to temporarily or permanently discontinue exchange service as provided by these rules and regulations, it may do either at its option.

Service temporarily disconnected, will be charged for in accordance with the regular rates for a period not to exceed fifteen (15) days subsequent to the date of temporary disconnection.

RULE AND REGULATION NO. 11.

Discontinuance of Service.

A. *Nonpayment of bills.*

1. Flat rate exchange service—

Flat rate exchange service of a particular service, separately served and billed, may be temporarily or permanently discontinued for the nonpayment of that bill, provided that bill therefor has not been paid within—

Thirty calendar days after presentation, when bills are normally made out yearly;

Fifteen calendar days after presentation, when bills are normally made out monthly;

Seven calendar days after presentation, when bills are normally made out fortnightly;

Four calendar days after presentation, when bills are normally made out weekly;

but in no case less than the above prescribed number of days after the first day of service covered by that bill.

2. Coin box exchange service—

Coin box exchange service to a particular installation, separately served and billed, may be temporarily or permanently discontinued for the nonpayment of a bill for the service rendered thereto, provided that the bill therefor has not been paid within—

Thirty calendar days after presentation, when bills are normally made out yearly;

Fifteen calendar days after presentation, when bills are normally made out monthly;

Seven calendar days after presentation, when bills are normally made out fortnightly;

Four calendar days after presentation, when bills are normally made out weekly;

except in case a deposit to guarantee bills has been made, in which case the service will not be temporarily or permanently discontinued until the amount of the deposit has been fully absorbed.

3. Toll service—

When a subscriber's exchange service is temporarily or permanently discontinued as provided for in these rules and regulations, the subscriber's toll service will also be discontinued.

When a subscriber fails to pay bills for toll service rendered in connection with a particular exchange service, telephone service may be temporarily or permanently discontinued, provided that the bill therefor has not been paid within—

Fifteen calendar days after presentation, when bills are normally made out monthly;

Seven calendar days after presentation, when bills are normally made out fortnightly;

Four calendar days after presentation, when bills are normally made out weekly;

provided, that in case a deposit to guarantee bills has been made, the service will not be temporarily or permanently disconnected until the amount of the deposit has been fully absorbed; and further, provided, that in case of question or dispute regarding the correct amount of the bill, telephone service will not be discontinued.

In such a case, if such question or dispute can not be adjusted with mutual satisfaction, the subscriber may deposit with the Railroad Commission of California the amount claimed by the company to be due and failure upon the part of the subscriber to make such deposit within fifteen (15) days after notice by the company that such deposit must be made or service may be discontinued, shall warrant the company in discontinuing the service without further notice.

B. *Service at a previous location.*

A subscriber's telephone service may be temporarily or permanently discontinued for nonpayment of a bill for the same class (residence or business) rendered at a previous location served by the company, provided said bill is not paid within thirty days after the date of presentation at the new location.

C. *Directory advertisement.*

A subscriber's telephone service will not be temporarily or permanently discontinued for failure of that subscriber to pay any charge for directory advertisement.

D. *Corrected bills.*

If the company renders a back bill to a subscriber for service received which has not theretofore been billed to the subscriber within a period of ninety days from the date service was rendered, and if the subscriber has paid bills for service subsequent to the period covered by the back bill and prior to the time of rendering the back bill, then the company will not discontinue the subscriber's service for the failure to pay that back bill if questioned or disputed by the subscriber. In such a case, if such question or dispute can not be adjusted with mutual satisfaction, the subscriber may deposit with the Railroad Commission of California the amount claimed by the company to be due and failure on the part of the subscriber to make such a deposit within fifteen days after notice by the company

that such deposit must be made or service may be discontinued, shall warrant the company in discontinuing the service without further notice.

E. Permanent disconnection after a temporary disconnection.

If a subscriber's telephone service has been temporarily disconnected, then that service will not be permanently disconnected until after a second notice of at least five days to the subscriber, stating that unless his credit is reestablished, service will be permanently disconnected.

F. Unsafe apparatus.

The company has the right of refusing to or ceasing to render telephone service to a subscriber if, at any time, any of the lines, appliances or apparatus on the subscriber's premises shall be unsafe, or if the use made of the service shall be prohibited or forbidden under any law or municipal ordinance or regulation (until such law, ordinance or regulation shall be declared invalid by a competent court of jurisdiction); and may refuse to render service until the subscriber shall have remedied the unsafe condition and complied with all laws, ordinances and regulations applicable thereto.

G. Abuse or fraud.

The company has the right to refuse telephone service to any premises and at any time to discontinue telephone service if it finds it necessary to do so to protect itself against abuse or fraud.

H. Noncompliance with the company's rules.

The company may discontinue service if a subscriber fails to comply with any of the rules and regulations herein, provided such failure is not remedied within a reasonable time, after due written notice has been given, except as otherwise provided in the rules and regulations.

Except as provided by these rules and regulations, the company will not temporarily or permanently discontinue telephone service to any subscriber for violation of any rule or regulation except upon written notice of at least five days, advising the subscriber in what particular such rule or regulation has been violated for which telephone service will be discontinued if the violation is not remedied. This notice may be waived in cases of an emergency or in the event of the discovery of a dangerous condition on the subscriber's premises or in the case of the subscriber's utilizing the telephone service in such a manner as to make it dangerous for occupants of the premises, thus rendering the immediate discontinuance of service to the premises imperative.

I. Subscriber about to vacate premises.

The company will hold a subscriber about to vacate premises responsible for all service rendered until that subscriber shall give notice of his intended removal, specifying the date service is desired to be discontinued.

J. Service not to be immediately used.

The company may refuse the installation of service that is not to be used within a reasonable period after installation.

K. Abusive language by subscribers.

The company may discontinue the telephone service of any subscriber who uses vile, abusive or profane language, or impersonates any other individual with fraudulent intent, over any line connected to the company's system, after being advised of this fact.

RULE AND REGULATION NO. 12.

Disputed Bills.

In case of a dispute between the subscriber and the company as to the correct amount of a bill rendered by the company for telephone service furnished to the subscriber, which can not be adjusted with mutual satisfaction, the subscriber may deposit with the Railroad Commission of the State of California the amount claimed by the company to be due. Upon receipt of said deposit, the Commission will investigate the facts and communicate its findings to the parties.

Failure on the part of the subscriber to make such deposit within fifteen days after notice by the company that such deposit must be made or service may be discontinued, shall warrant the company in discontinuing the service without further notice.

RULE AND REGULATION NO. 13.

Notices.

Any notice the company may give to a subscriber supplied with telephone service by the company may be given orally, unless otherwise provided by these rules and regulations, to the subscriber, or his authorized representative, or by written notice either delivered at the address hereinafter described in this rule and regulation or properly deposited in any United States post office in the territory served by the company, postage prepaid, addressed to the subscriber at the subscriber's place of address specified in the subscriber's application for telephone service, or at such address as may subsequently be given by the subscriber to the company at its local business office.

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Any notice from any subscriber to the company may be given orally, unless otherwise provided by these rules and regulations, to the company by the subscriber, or any authorized representative at the company's local business office where service is rendered to the subscriber, or by written notice properly addressed and mailed to the company.

RULE AND REGULATION NO. 14.

Directory Listings.

Listings in the alphabetical section of the telephone directory are intended solely for the purpose of identifying subscribers as an aid to the use of telephone service. Telephone directories are furnished subscribers to facilitate the use of the service, and remain the property of the telephone company and may be collected upon issuance of new directories. Subscribers are entitled, without charge, to listings in the alphabetical section of the directory as follows:

Individual line service -----1 listing

In case of a firm, one additional listing will be given for one member of that firm.

Joint user service -----1 listing

Party-line service, each primary station -----1 listing

Private branch exchange service, including intercommunicating systems, each trunk line -----1 listing

Business listings consist of a name, the address of the premises in which the primary station, switchboard or receiving station is located, and the telephone number. A designation descriptive of the business will be included if the name does not indicate the nature of the business.

Business listings may be those of individuals engaged in a business, names of firms or members thereof, the names of corporations or the officers thereof, and the names of employees. A trade name made up by adding a term, such as company, agency, shop, works, etc., to the name of a commodity, will not be accepted as a listing unless the subscriber is authorized to do business under that name. Listings are not accepted which appear to be designed primarily to give publicity to a commodity or service.

All additional listings in connection with a subscriber's service, except night service, must bear the same address and telephone number as the primary listing, except that additional listings in connection with private branch exchange stations, and extension stations not located on the same premises as the primary station, may show the address at which the station is located, but will be accepted only in the name of the subscriber.

Residence listings consist of a name, an abbreviation indicating "residence," the address of the premises to which service is furnished and the telephone number.

Residence listings may be those of the subscriber or members of the subscriber's domestic establishment residing on the premises in which the subscriber's service is provided.

Residence listings of physicians, surgeons, dentists, veterinary surgeons or other medical practitioners, osteopaths, chiropractors, Christian Science practitioners, etc., may indicate the same distinctive designations as their business service listings. Residence listings of clergymen, professors, military or naval officers and nurses may, if necessary and desirable, for the purpose of identification, include abbreviated designations of title.

The charges for additional listings begin with the day they are included in the information records, and when printed in the directory, may not be discontinued until the end of the directory period, unless the subscriber's service is discontinued.

The company is liable for errors or omissions in the listings of its subscribers in the telephone directory in an amount not in excess of the charge for that exchange service during the effective life of that directory in which the error or omission is made.

When the directory contains a classified advertising section a subscriber of business service within the exchange to which the directory applies is entitled without charge to listings as given above.

RULE AND REGULATION NO. 15.

Public Telephone Service.

Public telephones will be installed by the company, at its discretion, in public locations, to meet the general and transient telephone requirements.

RULE AND REGULATION NO. 16.

Basis of Mileage Charges.

Mileage charges to primary stations of individual and party-line service and trunk lines of private branch exchange service located outside of the primary rate area, are based on airline distance measured between the station and the nearest point on the boundary of the primary rate area.

Mileage charges to extension stations of individual and party-line service, and to all stations of private branch exchange service, are based on route mileage, which is the lineal length of the actual line required.

RULE AND REGULATION NO. 17.

Changes in Telephone Number.

The company may change the number of a subscriber's telephone if the requirements of the service demand it.

RULE AND REGULATION NO. 18.**Limit of Conversation.**

Exchange calls of a subscriber of a party-line shall be limited to a maximum period of five (5) minutes.

RULE AND REGULATION NO. 19.**Responsibility for Telephone Equipment.**

The subscriber shall be responsible for loss of or damage to any equipment or apparatus furnished by the company unless such loss or damage is due to causes beyond his control.

RULE AND REGULATION NO. 20.**Use of Equipment.**

All telephone equipment and apparatus furnished by the company shall be carefully use and shall not be removed from the subscriber's premises except by an authorized representative of the company nor connected in any manner with any equipment or apparatus not furnished or authorized by the company.

RULE AND REGULATION NO. 21.**Ownership of Instrumentalities on Subscriber's Premises.****A. All service except farmer line service.**

The company shall own, furnish, and maintain all instrumentalities, including inside wiring, protective apparatus, and other facilities used to provide service to a subscriber.

All instruments provided shall conform to the established construction standards of the company.

B. Farmer line service.

In the furnishing of farmer line service the company will provide, own and maintain all lines and facilities used to furnish service to the boundary of the primary rate area except where the city limits are beyond this boundary, in which case the lines and facilities extend to the boundary of the city limits.

The subscriber will provide, own and maintain all lines and facilities beyond the boundary of primary rate area or city limits.

A farmer line station shall not be located within the primary rate area. A farmer line shall not extend across an exchange area boundary.

C. Directories.

Telephone directories containing the listings of subscribers within a specified area, issued from time to time by the company, are and remain the property of the company. They shall not be mutilated and shall be surrendered to the carrier who delivers the subsequent issue.

RULE AND REGULATION NO. 22.**Business and Residence Service.**

The applicability of business and residence rates is governed by the actual or obvious use made of the service.

The use to be made of the service will be ascertained from the applicant at the time of application for service.

(a) Business service—

Business rates apply at the following locations:

1. In offices, stores, factories and all other places of a strictly business nature.

2. In boarding and rooming houses, colleges, clubs, hospitals and other institutions, offices, lobbies and halls of hotels, apartment buildings and churches.

3. At any location when the listing of office is provided or when any title indicating a trade or profession is listed, except as may be modified under rule and regulation No. 14, or when the substantial use of the service is occupational rather than domestic and at any location classified below under (b) regardless of the form of listing or when extension service is provided to a point not a part of the subscriber's domestic establishment.

(b) Residence service—

Residence rates apply at the following locations:

1. In private residences or residential apartments of hotels and apartment houses when business listings are not provided and when all stations are in locations which are a part of the subscriber's domestic establishment.

If it is found that the subscriber is using residence service for business purposes, the company will thereafter require the subscriber to take business service except in cases where the subscriber thereafter uses the service only for residence or domestic purposes.

RULE AND REGULATION NO. 23.**Compensation to Company's Employees.**

All employees of the company are strictly forbidden to demand or accept from an applicant or subscriber any personal compensation for service rendered to applicant or subscriber in connection with his telephone service.

RULE AND REGULATION NO. 24.**Service Connections to be Made by Company's Employees.**

Only duly authorized employees of the company are allowed to connect, disconnect, move, change or alter in any manner any and all instrumentalities and facilities furnished by the company.

RULE AND REGULATION NO. 25.**Company's Right of Ingress to and Egress From Subscriber's Premises.**

The company has the right of ingress to and egress from the subscriber's premises at all reasonable hours for any purpose reasonably connected with the furnishing of telephone service and the exercise of any and all rights secured to it by law or these rules and regulations.

The company has the right to remove any and all of its property installed on the subscriber's premises at the termination of service as provided for in these rules and regulations.

RULE AND REGULATION NO. 26.**Credit Allowance for Interruption to Service.**

The company shall allow subscribers credit in all cases where telephones are "out of service" for periods of one day or more from the time the fact is reported by the subscriber or detected by the company of an amount equal to 20 per cent of the monthly exchange service bill for each day of "out of service" but in no case shall the total allowance exceed the total monthly exchange service bill.

A day of "out of service" will be considered to exist when outgoing service is not available for an interval of twelve hours or more during any one day.

When any "out of service" period continues for a period in excess of an even multiple of twenty-four hours, then the total period upon which to determine the credit allowance shall be taken to the next higher even twenty-four hour multiple.

The "out of service" credit allowance shall appear on the first monthly bill rendered all subscribers following the "out of service" period, provided the trouble is reported by the subscriber or detected by the company and cleared on or before the twenty-fifth of the month.

The "out of service" credit allowance covering the "out of service" period in cases reported by the subscriber or detected by the company, from the twenty-sixth to and including the last day of the month, can not be determined in time to be included on the following month's bills and shall appear on the first bill rendered the subscriber thereafter.

RULE AND REGULATION NO. 27.**Subscriber's Private Service Not for Public Use.**

The subscriber shall not permit the public use of service furnished him for his private use.

If it is found that the subscriber is permitting public use of service furnished him for his private use, the company will thereafter provide public business service except in cases where the subscriber consents to the facilities being so located as to be inaccessible to the public or permits no further public use after the matter has been called to his attention.

RULE AND REGULATION NO. 28.**Contracts.**

Contracts will not be required as a condition precedent to service except:

- (a) As may be required by conditions as set forth in the regular schedule of rates and rules and regulations approved or accepted by the Railroad Commission of the State of California.
- (b) In the case of line extensions, temporary service or service to speculative projects, in which case a contract may be required for a period not to exceed three years unless by special permission from the Railroad Commission of the State of California.

RULE AND REGULATION NO. 29.**Moves and Changes.**

Moves and changes of telephone apparatus and wiring on the subscriber's premises, at the request of the subscriber, will be made by the company, and the charges for such work will be as follows:

A. Telephone sets.

- | | |
|---|--------|
| 1. Moving from one location to another----- | \$3 00 |
| 2. Change in type or style----- | 3 00 |

B. Private branch exchange and intercommunicating systems.**1. Moving from one location to another—**

	Same room	One room to another
(a) P.B.X. systems, per station-----	\$3 00	\$3 00
(b) P.B.X. switchboards -----	actual cost	

C. Other equipment and wiring.

Charges for moving or changing of equipment or wiring, other than that included under A and B above, will be an amount equal to the actual cost of labor and material involved.

D. Maintenance.

The charges specified above do not apply if the changes or moves are initiated by the telephone company and required for the proper maintenance of the equipment or service.

E. Change in class of service.

The charges specified above do not apply if the changes are required because of a change in type, class or grade of service.

RULE AND REGULATION NO. 30.**Service Connection Charges.**

Service connection charges provided for hereunder are payable at the time application for the particular service or facility is made and are in addition to the regular schedule of rates.

Service connection charges apply to all exchange service and facilities, in accordance with the following provisions:

Business and residence, each station----- \$1 50

1. New service—

Individual, party and auxiliary lines and private branch exchange trunks:

	Service connection charges
Business and residence, each station-----	\$3 50
each trunk-----	3 50
Private branch exchange and intercommunicating system stations (except operator's sets):	
Business and residence, each station-----	3 50
Extension stations:	
Business and residence, each station-----	1 50

2. Additional service—

Individual, party and auxiliary lines and private branch exchange trunks:

Business and residence, each station-----	3 50
each trunk-----	3 50
Private branch exchange and intercommunicating system stations (except operator's sets). Applicable only to stations ordered more than 60 days after the date of the initial establishment of the subscriber's private branch exchange or intercommunicating service:	
Business and residence, each station-----	1 50
Extension stations:	
Business and residence, each station-----	1 50

3. Service where instrumentalities are already in place on subscriber's premises and no change in type or location of facilities is involved:

Business and residence, subscribers' exchange service and facilities, one or more units----- 1 50

A change in location or type of facilities made at subscriber's request is subject to the charges for moves and changes provided the total charges for such moves and changes shall not exceed the charges for the initial establishment of the subscriber's complete service and facilities.

Service connection charges do not apply under the following conditions:

Business service—

- (a) When service is assumed by a receiver or by trustee, executor or administrator of an estate.
- (b) Change in the name of the business concern (i.e., individual, partnership, syndicate or corporation) when there is no complete change in ownership or management.

Residence service—

- (a) When service is assumed by a member of the former subscriber's family located in the same premises.
- (b) When there is no change in the individuality of the recipient.
- (c) When the subscriber's name has been changed by marriage or court order.
- (d) When an employer has arranged for service in the residence of his employee and the latter desires personally to assume the responsibility for the service or when the responsibility for the service of an employee is to be assumed by his employer.

RULE AND REGULATION NO. 31.**Line Extension.****A. Line extension within primary rate area.**

Line extensions necessary to render telephone service within the primary rate area will be made by the company.

B. Line extension outside primary rate area.

A line extension, necessary to render telephone service outside the primary rate area, will be made in accordance with the following:

- 1. The company will make extensions to existing plant for each primary station up to and including 750 feet, as measured along the route of the extension (excluding drop wire).
- 2. The company will make extensions to a distance greater than 750 feet from existing plant upon the payment of a line extension charge of \$1 for each 100 feet (or fraction thereof) in excess of the 750 feet for each primary station.

C. Ownership and maintenance of line.

All line extensions will be owned and maintained by the company. The applicant, however, if he so elects, may furnish and set the required poles in accordance with the construction standards of the company in lieu of the charges applicable under section B, but in all such instances the ownership shall be vested in the telephone company.

D. Temporary or speculative service.

Line extensions for service to an applicant engaged in temporary or speculative business will be made, provided the applicant pays to the company the total cost to construct and remove the line necessary to render that service, less the salvage value of the materials used.

E. Location of line extensions.

The location of line extensions shall be determined by the telephone company.

F. Contracts.

Contracts for telephone service where line extensions are necessary may be required by the company as a condition precedent to service for a period not to exceed three years.

G. Return of line extension charge.

The line extension charge is not refundable.

H. Saving clause.

In any case which may appear to warrant a departure from the above rules either on behalf of the company or applicant for service, the matter may be submitted to the Railroad Commission of the State of California for adjustment.

RULE AND REGULATION NO. 32.**Errors in Transmitting, Receiving or Delivering Oral Messages by Telephone.**

The company shall not be liable for errors in transmitting, receiving or delivering oral messages by telephone over the lines of the company and connecting companies.

RULE AND REGULATION NO. 33.**Loss Arising From Nondelivery of Written Messages.**

The company shall be liable for loss or damage that may occur in the course of the employment of any messenger not to exceed twenty times the charge for such messenger service and shall be liable for loss or damage that may occur in the transmission of any message over its lines not to exceed the amount received for sending same.

RULE AND REGULATION NO. 34.**Service Connections at Subscribers' Premises.**

Except as otherwise provided in these rules and regulations, the company will, at its own expense, furnish and install all wires necessary to serve applicants in accordance with its lawful rates, rules and regulations, and in accordance with its established construction standards.

In districts where underground construction would ordinarily be furnished by the company or where such construction is required by law, the company will, at its own expense, extend the necessary underground construction to the property lines of the premises occupied by the subscribers, in accordance with its established construction standards, but shall not be required, at its own expense, to provide the conduit on the premises occupied by the subscribers.

Except in districts where underground construction would ordinarily be furnished by the company or where such construction is required by law, the company will not, at its own expense, furnish and install underground connections to or on the premises of subscribers, and if such underground connections are requested, the company will furnish and install the same, but the difference between the cost of such underground construction and the cost of furnishing the connections by means of the usual overhead construction must be paid to the company upon demand by the person or persons making the request for underground connections. If the underground conduit shall be furnished and installed by the occupant or owner of the premises, the same shall be subject to the approval of the company.

The interior wiring in buildings necessary to provide telephone service to the occupants shall be furnished and installed by the company, and it shall not be required to connect its facilities and instrumentalities with interior wires furnished and installed by others. If, as is sometimes the case, the owner of a building under construction elects to furnish and install wires which conform with the standards and specifications of the company, it may, as the exigencies of the service require, utilize such interior wiring, until ownership is acquired from the building owner.

RULE AND REGULATION NO. 35.

Temporary Service or Speculative Projects.

The company will furnish temporary service or service to speculative projects under the following conditions:

(a) The applicant for such service shall be required to pay to the company in advance, or otherwise as the company may elect, the net cost of installing and removing any facilities necessary in connection with furnishing of such service by the company.

(b) Each applicant for service may be required to deposit with the company a sum of money equal to the estimated amount of the company's bill for such service or to otherwise secure, in a manner satisfactory to the company, the payment of any bills which may accrue by reason of such service so furnished or supplied.

(c) Nothing in this rule and regulation shall be construed as limiting or in any way affecting the right of the company to collect from the subscriber any other or additional sum of money which may become due and payable to the company from the subscriber by reason of the service furnished or to be furnished hereunder.

DECISION NO. 13481.

IN THE MATTER OF THE APPLICATION OF SOUTH LOS ANGELES LAND AND WATER COMPANY, A CORPORATION, FOR AN ORDER AUTHORIZING THE ISSUE OF BONDS.

Application No. 9883.

Decided April 24, 1924.

O'Melveny, Milliken, Tuller and Macneil, by Paul Fussell and Guy T. Graves, for Applicant.

BY THE COMMISSION.

OPINION.

In this application the Railroad Commission is asked to make an order authorizing South Los Angeles Land and Water Company to execute a deed of trust and to issue and sell at not less than 93 per cent of face value, plus accrued interest, \$150,000 of first mortgage 6½ per cent bonds due January 1, 1949, for the purpose of paying indebtedness and of financing the cost of additions and betterments.

South Los Angeles Land and Water Company is engaged in supplying water for domestic, commercial and agricultural purposes. The territory served comprises the city of Vernon, a small portion of the city of Huntington Park and that district of Los Angeles County known as Goodyear Park. On December 31, 1921, 3026 consumers were

reported served; on December 31, 1922, 3735 consumers; and on December 31, 1923, 5001 consumers. It is estimated by applicant's officers that during 1924 more than 1200 new services and meters must be installed.

The company has an authorized capital stock of \$300,000, divided into 3000 shares of the par value of \$100 each, of which \$75,000 was reported outstanding on December 31, 1923. In addition, as of the same date, the company reports outstanding \$36,500 of first mortgage 6 per cent bonds due on or before July 1, 1931; \$7,400 of short term notes; and \$47,953.06 of accounts payable.

The company's revenues and expenses for the years ending December 31st are reported as follows:

	1921	1922	1923
Operating revenues -----	\$51,682 96	\$59,805 50	\$80,993 70
Operating expenses -----	39,726 78	36,883 61	50,570 17
Balance -----	\$11,956 18	\$22,921 89	\$30,423 53
Depreciation -----	5,241 41	6,613 25	8,649 03
Net operating revenues -----	\$6,714 77	\$16,308 64	\$21,774 50
Nonoperating revenues -----	40 00	-----	40 00
Gross corporate income -----	\$6,754 77	\$16,308 64	\$21,814 50
Deduct:			
Bond interest -----	\$1,770 00	\$2,055 00	\$2,115 00
Other interest -----	532 86	974 70	2,289 34
Amortization -----	1,082 73	75 88	79 63
Other deductions -----	51 30	141 10	583 15
Totals -----	\$3,436 89	\$3,246 68	\$5,067 12
Profit for year -----	\$3,317 88	\$13,061 96	\$16,747 38
Miscellaneous additions -----	-----	1,011 84	35 33
Miscellaneous deductions -----	3,000 00	1,283 99	-----
Surplus beginning of year -----	12,386 26	12,704 14	25,493 95
Surplus at end of year -----	12,704 14	25,493 95	42,386 66

Applicant intends to execute a new deed of trust to secure the payment of a total authorized issue of \$250,000 of bonds. At this time it is proposed to issue and sell, at 93, only \$150,000 of bonds, and to use the proceeds for the purposes to which reference is made hereafter. Applicant's present deed of trust secures the payment of a total authorized issue of \$75,000 of bonds, all of which have heretofore been issued. From time to time, however, \$38,500 of bonds have been paid, leaving \$36,500 at present outstanding. The company reports that the population of the territory in which it operates is rapidly increasing and that to adequately take care of the corresponding increased demand for service and to finance the cost of extensions, it is thought necessary to execute a new deed of trust to enable it to issue additional bonds from time to time and to pay the bonds now outstanding.

Applicant asks permission to use \$37,412.50 of the proceeds from the sale of the \$150,000 of 6½ per cent bonds now applied for to refund, at a

premium of $2\frac{1}{2}$ per cent, \$36,500 of 6 per cent bonds now outstanding. This request will not be granted. We will authorize the issue of \$36,500 of $6\frac{1}{2}$ per cent bonds to refund the \$36,500 of 6 per cent bonds. If applicant sells the \$36,500 of $6\frac{1}{2}$ per cent bonds at 93, as proposed by it, and redeems the \$36,500 of 6 per cent bonds at a premium of $2\frac{1}{2}$ per cent, it must draw on its surplus earnings to make up the difference between the amount received from the sale of the \$36,500 of $6\frac{1}{2}$ per cent bonds and the amount expended to redeem the \$36,500 of 6 per cent bonds.

The proceeds from the sale of the remaining \$113,500 of $6\frac{1}{2}$ per cent bonds herein authorized to be issued and sold may be used to pay the following indebtedness or pay the cost of the following improvements:

A. The discharge of obligations incurred for the construction, extension and improvement of facilities, as follows:	
Redwood Manufacturing Company (balance due on tanks installed at Vernon and Goodyear plants)-----	\$5,394 42
Neptune Meter Company (new meters installed)-----	23,788 10
James Jones Company (materials for services)-----	536 06
Thomas Haverty Company (materials for pipe lines)-----	1,296 25
L. D. Loomis (new pipe lines)-----	1,214 00
Art concrete works (meter boxes)-----	237 50
Western Pipe and Steel Company (purchase of pipe)-----	4,228 85
Shinn Holtz Lyon Company (pipe fittings)-----	1,509 92
Sydney Smith Company (new pipe lines)-----	5,383 71
H. Mueller Manufacturing Company (pipe fittings)-----	160 84
Layne and Bowler (new pump—Goodyear plant)-----	1,200 00
Electrical Service Company (new motor—Goodyear plant)-----	1,200 00
DeWitt Blair Company (lot in Goodyear Park)-----	2,000 00
B. The construction, extension and improvement of facilities, as follows:	
250,000-gallon concrete collecting reservoir at the Vernon Plant, approximately-----	10,000 00
Distribution mains for the extension of plant, approximately-----	15,000 00
75,000-gallon redwood tank at Vernon Plant, approximately-----	7,500 00
New services and meters, approximately-----	24,905 35
Total -----	\$105,555 00

The record indicates that the proposed deed of trust securing the payment of the bonds will be a first lien on all of applicant's properties. A report on the value of these properties has been filed with the Commission in this proceeding as "Exhibit B." This report, which was prepared by The Chester H. Loveland Engineers, consulting engineers, shows an estimated historical cost of \$471,274; an estimated reproduction cost new of \$613,679; and an estimated reproduction cost new, less depreciation, of \$425,709. These figures include \$73,500 for landed capital and \$6,200 for organization, franchises and water rights. For the purpose of this proceeding, it is not necessary to determine the cost or the value of the properties.

Applicant has not as yet filed with the Commission a copy of its proposed deed of trust in satisfactory form. For this reason the Com-

mission, at this time, can issue only a preliminary order. The final order will be entered when applicant has submitted to the Commission a copy of its proposed deed of trust in satisfactory form.

ORDER.

South Los Angeles Land and Water Company having applied to the Railroad Commission for permission to execute a deed of trust and to issue and sell \$150,000 of bonds, a public hearing having been held before Examiner Fankhauser, and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for by such issue and sale is reasonably required for the purposes specified herein, and that the expenditures for such purposes are not in whole, or in part, reasonably chargeable to operating expense or to income;

It is hereby ordered, that South Los Angeles Land and Water Company be and it is hereby authorized to issue and sell at not less than 93 per cent of face value, plus accrued interest, \$150,000 of its first mortgage 6½ per cent bonds due January 1, 1949.

The authority herein granted is subject to further conditions as follows:

1. Applicant may use the proceeds, other than accrued interest, from the sale of \$36,500 of the bonds herein authorized to be issued and sold, to pay, in part, the cost of refunding the present outstanding bonds.

2. Applicant may use the proceeds, other than accrued interest, from \$113,500 of the bonds herein authorized to be issued and sold, to pay the indebtedness and the cost of the improvements referred to in the opinion which precedes this order, provided that only such expenditures as are properly chargeable to capital account under the uniform system of accounts prescribed by the Commission may be financed with such proceeds.

3. The accrued interest may be used for general corporate purposes.

4. Applicant shall keep such record of the issue, sale and delivery of the bonds herein authorized and of the disposition of the proceeds as will enable it to file on or before the twenty-fifth day of each month a verified report, as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

5. The authority herein granted will not become effective until applicant has paid the fee prescribed by section 57 of the Public Utilities Act, which fee is \$114, nor until the Commission by supplemental order has authorized applicant to execute a mortgage or deed of trust to

secure the payment of the bonds. No bonds may be issued or sold after December 31, 1924.

Dated at San Francisco, California, this twenty-fourth day of April, 1924.

DECISION No. 13482.

IN THE MATTER OF THE APPLICATION OF THE LOS VERJELS LAND AND WATER COMPANY, A CORPORATION, FOR AUTHORITY AND PERMISSION TO RENEW A MORTGAGE ON THE LANDS AND PROPERTY OF THE COMPANY, AND TO ESTABLISH WATER RATES.

Application No. 9621.

Decided April 25, 1924.

V. T. McGillicuddy, for Applicant.
George F. Jones, for the Consumers.

WHITTLESEY, Commissioner.

OPINION.

In this application Los Verjels Land and Water Company, a corporation, asks the Commission to establish rates for public utility water service, and also for authorization covering the execution of a mortgage and the issuance of a note. The matter of the mortgage and note has been disposed of by the Commission in its Decision No. 13061, dated January 18, 1924, and the present decision will consider only the question of a reasonable rate for water furnished by this utility for irrigation purposes.

A public hearing in the matter was held at Oroville after all interested parties had been duly notified and given an opportunity to be present and be heard.

Los Verjels Land and Water Company was incorporated August 4, 1911, for the purpose, among other things, of acquiring, holding and disposing of land, constructing and operating a water system, and distributing and selling water. At the present time the company owns approximately 4800 acres in Yuba and Butte counties, of which about 1800 acres are not now susceptible of irrigation. Three hundred acres of land have been sold and are at present irrigated by means of a water system constructed and operated by the applicant.

The agreements for the sale of land contained a clause whereby water was to be delivered without charge for a period of five years from the time of purchase, but before the expiration of this five-year period these agreements were modified voluntarily by the parties concerned, and for several years consumers have been paying \$18 per miner's inch for the water used, the amounts so received being applied as a credit

on payments due for land purchased. This five-year period has now expired and applicant desires that rates be established which will yield sufficient revenue to at least cover the necessary expenditures for maintenance and operation of the water system. No return upon the investment is expected by the applicant at this time.

Thorough consideration of the testimony presented leads to the conclusion that an allowance of \$1,400 per annum for maintenance and operation expense will at this time be fair to both the utility and the small number of consumers. This amount does not include any general office salaries or expense but covers the necessary cost of ditch cleaning and repairs and the wages of a ditch agent for a part of the time.

It is apparent that 300 acres of land, all of which has not yet been brought to a state of production, can not be expected to pay rates which will yield revenues in excess of the minimum amount required for the most economical operation and maintenance of the water system. The rates established in the accompanying order will produce approximately sufficient revenue to meet this expense.

From the evidence submitted, it appears that two consumers have been supplied free service of water in consideration of various right of way agreements and certain other privileges granted applicant. This practice may result in a preferential and discriminatory rate to these consumers against the others on the system and is a practice which this Commission has found to be unfair, and the policy has been to eliminate all possibility of preference in rates and service. Where such a condition exists, the variation in rates should be discontinued and all classes of consumers should be charged for water used at the established rates which are applicable to all alike. If there remains any right of compensation in these particular cases, the utility and the consumer should make such settlement as is justified.

The following form of order is submitted:

ORDER.

Los Verjels Land and Water Company, a corporation, having applied to the Railroad Commission for the establishment of rates to be charged for water delivered to its consumers, a public hearing having been held thereon, the matter having been submitted and the Commission being now fully informed in the matter;

It is hereby ordered, that Los Verjels Land and Water Company, a corporation, be and it is hereby directed to file with this Commission within twenty (20) days from the date of this order the following schedule of rates to be charged for all water delivered during the irrigation season of the year 1924, and thereafter until further order of this Commission:

Rate Schedule.

For each miner's inch flow of water per year----- \$25 00

It is hereby further ordered, that Los Verjels Land and Water Company, a corporation, be and it is hereby directed to file with this Commission within thirty (30) days from the date of this order rules and regulations to govern relations with its consumers, such rules and regulations to become effective upon their acceptance by the Commission.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this twenty-fifth day of April, 1924.

DECISION No. 13483.

IN THE MATTER OF THE APPLICATION OF EUCLID AVENUE WATER COMPANY TO RENEW AND INCREASE THE MORTGAGE NOW ON ITS PROPERTY.

Application No. 9946.

Decided April 25, 1924.

Theodore F. Taylor, for Applicant.

BY THE COMMISSION.

OPINION.

In this application, Euclid Avenue Water Company asks permission to execute a mortgage and to issue its three-year 8 per cent note in the principal amount of \$8,000 for the purpose of refunding indebtedness and of financing the cost of additions and betterments.

Euclid Avenue Water Company is engaged in supplying water for domestic and irrigation use in and about South Pasadena. For the year ending December 31, 1922, the company reports revenues of \$4,881.12; operating expenses, including taxes, of \$3,916.36; interest charges of \$648.47; and net profit for the year of \$316.29. For the year ending December 31, 1923, the company shows revenues of \$6,543.07; operating expenses, including taxes, of \$4,437.74; interest charges of \$618.25; and net profit for the year of \$1,487.08. Assets and liabilities as of December 31, 1923, are reported as follows:

	<i>Assets.</i>	
Fixed capital -----		\$31,199 40
Cash -----		940 41
Accounts receivable -----		1,199 90
Total assets -----		<hr/> \$33,339 71

	<i>Liabilities.</i>	
Capital stock -----		\$16,170 00
Funded debt -----		6,500 00
Notes payable -----		2,500 00
Corporate surplus -----		8,169 71
Total liabilities -----		\$33,339 71

By Decision No. 12260, dated June 25, 1923, in Application No. 9031, the Commission adjusted applicant's rates. In the opinion in that decision it is recited that Mr. F. H. Van Hoesen, one of the Commission's hydraulic engineers, prepared a report covering the results of a field investigation of applicant's system and a study of the maintenance and operating expense and revenue. This report shows the estimated original cost of the properties as of June 1, 1923, as \$25,860, a depreciation annuity of \$494, and an estimate of reasonable annual maintenance and operating expense amounting to \$3,917.

As shown in the foregoing balance sheet, the company's indebtedness as of December 31, 1923, amounted to \$9,000. This indebtedness is represented by a six-month 6 per cent note due April 26, 1924, for \$2,500, by a six-year 7 per cent note due November 13, 1924, for \$4,000 and by a five-year 7 per cent note due June 27, 1926, for \$2,500; the two latter notes being secured by mortgage.

Applicant now proposes to create a mortgage indebtedness of \$8,000 to be represented by a three-year 7 per cent note and to use \$6,500 of the moneys obtained to pay the \$4,000 note and the short term \$2,500 note. It appears that the \$2,500 note due April 26, 1924, was issued on October 26, 1923, to provide for the maintenance and improvement of applicant's service, and that the \$4,000 note was issued pursuant to authority granted by the Commission in Decision No. 5612, dated July 26, 1918, to refund an indebtedness which had been incurred in 1911 to pay for capital additions.

The remaining \$1,500 obtained from the note will be used for construction work. In this connection the application, and testimony herein, show that a tract of land of about 40 acres in applicant's territory is being subdivided into 200 or more lots, which eventually will call for an expenditure by applicant of about \$20 for each lot for taps and connections. In its Exhibit No. 2, applicant sets forth more specifically estimated expenditures of \$1,516.10, which amount includes \$390 for meters for thirty houses, \$750 for taps, and \$376.10 for street work and municipal street assessments. In addition to those expenditures it is reported that recently the company was required to renew a water main at a cost of \$548 and to reconstruct for \$545 a pump house which had been wrecked by a wind storm.

The testimony of Theodore F. Taylor, applicant's secretary, shows that the proposed mortgage will be substantially in the same form as that heretofore authorized by the Commission in Decision No. 5612.

ORDER.

Euclid Avenue Water Company having applied to the Railroad Commission for permission to execute a mortgage and to issue an \$8,000 three-year 7 per cent note, a public hearing having been held before Examiner Williams, and the Railroad Commission being of the opinion that the application should be granted as herein provided and that the money, property or labor to be procured or paid for by the execution of the mortgage and the issue of the \$8,000 note is reasonably required by applicant;

It is hereby ordered, that Euclid Avenue Water Company be and it is hereby authorized to execute a mortgage substantially in the same form as that filed in Application No. 3926, and approved by the Commission in Decision No. 5612, dated July 26, 1918.

It is hereby further ordered, that Euclid Avenue Water Company be and it is hereby authorized to issue its three-year 7 per cent note in the principal amount of \$8,000 and to use the proceeds to refund outstanding indebtedness of \$6,500 and to finance the cost of extensions, additions, betterments and improvements, all as referred to in the foregoing opinion and in this application.

The authority herein granted is subject to further conditions as follows:

1. The authority herein granted to execute a mortgage is for the purpose of this proceeding only and is granted only in so far as this Commission has jurisdiction under the terms of the Public Utilities Act, and is not intended as an approval of such mortgage as to such other legal requirements to which said mortgage may be subject.

2. Applicant shall file with the Commission a copy of its mortgage within 30 days after execution.

3. Applicant shall keep such record of the issue and delivery of the note herein authorized and of the disposition of the proceeds as will enable it to file on or before the twenty-fifth day of each month a verified report, as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

4. The authority herein granted will become effective when applicant has paid the minimum fee prescribed by section 57 of the Public Utilities Act, which fee is \$25. Under the authority herein granted, no notes may be issued after July 31, 1924.

Dated at San Francisco, California, this twenty-fifth day of April, 1924.

DECISION No. 13488.

IN THE MATTER OF THE APPLICATION OF VENICE CONSUMERS WATER COMPANY, A PUBLIC UTILITY CORPORATION, FOR AUTHORITY TO ISSUE ITS FIRST MORTGAGE BONDS OF THE FACE VALUE OF THREE HUNDRED FIFTY THOUSAND DOLLARS, PREFERRED STOCK OF THE PAR VALUE OF FIFTY-FIVE THOUSAND DOLLARS AND COMMON STOCK OF THE PAR VALUE OF ONE HUNDRED FIFTY-THREE THOUSAND DOLLARS.

Application No. 9844.

Decided April 30, 1924.

Wm. H. Neblett, with Wm. G. McAdoo, for Applicant.
P. C. Rentfro for Mrs. Alma F. Lowe, Intervener.

BY THE COMMISSION.

OPINION.

In the above entitled application the Railroad Commission is asked to make an order authorizing Venice Consumers Water Company to execute a deed of trust and issue under such deed of trust \$350,000 of bonds, to issue \$55,000 of 7 per cent cumulative preferred stock and \$153,000 of common stock. Reference will hereafter be made to the purposes for which applicant intends to issue the bonds and stock.

Venice Consumers Water Company was organized on or about May 23, 1923, with an authorized capital stock of \$1,000,000, divided into \$500,000 of 7 per cent cumulative preferred and \$500,000 of common stock. The preferred stock is redeemable at the option of the company at \$105 per share and all unpaid dividends. By Decision No. 12557, dated August 29, 1923, the Commission authorized applicant to issue \$700 of common stock to its directors. This is the only stock now outstanding.

Former proceedings before this Commission show that Benjamin Brodsky obtained options to purchase properties of the City Water Company of Ocean Park, Venice of America Water Company and Fredericks Water Company. These options have been assigned to the Venice Consumers Water Company. The transfer of the properties of the City Water Company of Ocean Park to the Venice Consumers Water Company is authorized by Decision No. 12453, dated July 31, 1923; the transfer of the properties of the Venice of America Water Company by Decision No. 12489, dated August 14, 1923, and the transfer of the properties of Fredericks Water Company by Decision No. 12490, dated August 14, 1923. The properties have been acquired and consolidated by the Venice Consumers Water Company and are now being operated by that company. The Venice Consumers Water Company has agreed to pay for the properties of the City Water Company of Ocean Park \$287,500, of which \$87,500 has been paid. The remainder due is payable in \$200,000 of 6 per cent bonds or \$190,000 in cash. Applicant proposes to pay the balance due in cash. For the Venice of

America Water Company properties, applicant agreed to pay \$45,000 in cash or 7 per cent preferred stock and for the Fredericks Water Company properties \$10,000 in cash or 7 per cent preferred stock. These last two companies will be paid in 7 per cent preferred stock. The total consideration paid or to be paid for the properties is \$332,500. If the request of applicant is granted, it would issue against such properties approximately \$202,000 of 6½ per cent bonds, \$55,000 of 7 per cent preferred stock, and \$153,000 of common stock, a total of \$410,000.

As of May 31, 1923, The Chester H. Loveland Engineers estimated the historical original cost of the properties to which reference has been made and the cost of certain additions and betterments, etc., as follows:

Original cost as of date of contracts of sale.....	\$619,969 00
Net additions to plant since date of contracts (May 30, 1923).....	22,174 00
Materials and supplies	3,277 00
Proposed additions to plant	120,000 00
Organization expenses	10,000 00
Total	\$784,420 00

The \$619,969 includes an estimate of the present value of land, \$80,025; an allowance of \$211,000 (\$588 per miner's inch) for water rights, and \$5,000 for organization expenses. Both the land and water right values represent present values and not an estimate of original cost.

The engineering department of the Railroad Commission estimates the original cost of the physical properties, including the land at present market value, at \$447,606 as of March 1, 1924, as compared with \$430,143 reported by The Chester H. Loveland Engineers. If depreciation had been calculated on a 6 per cent sinking fund basis the Loveland engineers estimate that there should be in the reserve for accrued depreciation \$45,115 as compared with an estimate of \$54,320 by the Commission's engineers. The latter estimates the accrued depreciation on a straight line basis at \$91,234. No comparable figure was submitted by the Loveland engineers.

The following figures on reproduction cost new and reproduction cost less depreciation, have been submitted:

	<i>Reproduction cost new</i>	<i>Reproduction cost new, less depreciation</i>
Loveland engineers	\$939,933 00	\$816,555 00
Less additions and betterments and allowance for organization expense.....	130,000 00	130,000 00
Totals	\$809,933 00	\$686,555 00
Less water right valuation.....	211,000 00	211,000 00
Leaving	\$598,933 00	\$475,555 00
Commission's engineers	\$570,848 00	\$446,578 00

The above deductions were made in such tabulation from the Loveland engineers' reproduction cost new and reproduction cost new less depreciation figures so as to arrive at figures which are comparable to the figures submitted by the Commission's engineers.

The Chester H. Loveland Engineers' report includes an allowance of \$211,000 for water rights. Reference is made in such report as well as in the testimony to Decision No. 2547 (Volume 7, Opinions and Orders of the Railroad Commission of California, page 444) to support a value of \$588 per miner's inch for water. The Commission in that decision made no specific finding as to the value of water rights. Quoting from the decision:

While it is true that Irwin Heights Water Company and the other water companies who have pumped water for five years and appropriated it for public use, would undoubtedly prevail as against any attempt from those which have stood by and permitted this appropriation to be made, to enjoin the further pumping of water (*Katz vs. Walkinshaw*, 141 Cal. 116, 136; *Newport vs. Temescal Water Company*, 149 Cal. 531; *Barton vs. Riverside Water Company*, 155 Cal. 509; *Miller & Lux vs. Enterprise Canal and Irrigation Company*, 49 Cal. 251, 256, decided February 19, 1915), the evidence in this case does not satisfy me that the facts in connection with the water situation in this basin are such that these water companies, in turn, could successfully bring action to enjoin another appropriator of water for public use from sinking wells in the water-bearing lands referred to by Mr. Malloy and taking therefrom water for public use in the city of Santa Monica.

Even assuming that it is physically possible to develop these additional waters, which I find to be the fact, and that the new appropriator for public use could successfully withstand the efforts of the existing water companies to enjoin such development, which I believe from the facts as shown in these proceedings would be the case, nevertheless, the fact that the existing water companies have an actually developed supply of water as contrasted with a probability, however certain it may seem, of developing water, and that their rights to the continued use of the water which they have heretofore developed and used are secure, except possibly against land owners who may be able to recover damages if they can prove a diversion from their lands to their injury, are facts which add value to the property of these water companies, and for which just compensation must be paid.

Nowhere in the decision does the Commission express an opinion as to the value of the water rights. The testimony of engineers in some other proceeding as to what the Commission did find as a value of such rights is not conclusive and can not here be recognized as the conclusion of the Commission. We do not think that the testimony in this proceeding warrants the Commission to place a value of \$211,000 on the water rights of the Venice Consumers Water Company.

Applicant intends to expend \$129,000 of the proceeds obtained from the sale of bonds to pay, in part, the cost of the following improvements:

12" Cast iron pipe—		
7,000'—under paving -----		\$37,800 00
4,000'—no paving -----		17,680 00
8" Cast iron pipe—Class B, 1,000'-----		2,640 00
6" Cast iron pipe—Class B, 5,000'-----		9,800 00
4" Cast iron pipe—Class B, 12,000'-----		17,400 00
Services and meters (new) 600-----		12,000 00
Meters (new on old services) 600-----		7,500 00
Electric wiring at new well and booster plant-----		700 00
Well No. 8, developing filter chamber-----		500 00

New unit at booster plant—	
8" Centrifugal pump, 100-horsepower motor, starter, switches, etc.---	\$1,420 00
Additional work on sump and suction-----	750 00
Superintendent's house at pumping plant, complete, master meter, and other small additions to equipment and buildings-----	3,500 00
Office furniture-----	825 00
Reservoir, 1,000,000 gallons capacity-----	20,000 00
Total -----	\$132,515 00

In addition, applicant intends to use \$10,000 of the proceeds obtained from the sale of bonds to pay organization expenses. The valuation to which reference has been made includes \$5,000 for organization expenses, which, added to the \$10,000 now proposed to be expended, makes a total of \$15,000. Such an organization expense, we think, is excessive and will therefore allow only \$5,000 of the proceeds obtained from the sale of bonds to be used to pay organization expenses.

Applicant asks permission to issue to Benjamin Brodsky \$50,000 of common stock because he assigned to applicant his options to purchase the properties referred to above. It is urged that Mr. Brodsky was successful in purchasing the properties of the several companies at a price considerably lower than originally asked for by the owners of the property, and that therefore he is entitled to common stock of applicant corporation in the amount of \$50,000. This does not constitute sufficient reason for the issue of the \$50,000 of stock.

Evidence has been introduced as to the actual and estimated earnings of the properties acquired by applicant. This evidence has been considered in connection with applicant's operating expenses including the depreciation annuity, the interest on the proposed bond issue, the interest on the balance in the reserve for accrued depreciation, the amortization of debt discount and expense and sinking fund payments.

It is the opinion of the Commission that Venice Consumers Water Company should be authorized to issue not exceeding \$300,000 of 6½ per cent bonds, \$55,000 of 7 per cent preferred stock and \$153,000 of common stock for the purpose of acquiring the properties formerly owned by City Water Company of Ocean Park, Venice of America Water Company, Fredericks Water Company, and to acquire and construct the improvements to which reference is made in this opinion, and pay not exceeding \$5,000 for organization purposes. The Commission will not authorize applicant to issue any additional stock or bonds for the aforesaid purposes.

Mrs. Alma F. Lowe, a stockholder of Fredericks Water Company and represented by P. C. Rentfro, asks the Commission to order the Venice Consumers Water Company to issue the \$10,000 of preferred stock which it agreed to pay for the properties of the Fredericks Water Company, to the stockholders of such company and not to the company's treasury. The Commission has not sufficient authority to order such a distribution of the stock.

Applicant has filed a copy of its proposed deed of trust. Section 22 of the deed of trust reads as follows:

Additional bonds may from time to time be executed by the water company and shall be authenticated by the trustee and delivered to the water company for the purpose of refunding any indebtedness incurred by it in acquiring or constructing permanent additions to its property or for the purpose of reimbursing the water company's treasury for earnings expended by it in acquiring or constructing permanent additions to its property. The term "permanent additions" shall include only permanent improvements, extensions or additions acquired or constructed by the water company subsequent to the date of this indenture and usable in connection with its business of acquiring and distributing water. Such additional bonds may be authenticated and delivered only upon compliance with the conditions and subject to the limitations hereafter in this article set forth.

It is believed that this section should be modified so as to read as follows:

Additional bonds may from time to time be executed by the water company and shall be authenticated by the trustee and delivered to the water company for the purpose of aiding it in acquiring or constructing permanent additions to its property, or for the purpose of paying indebtedness incurred by it on account of the acquisition or construction of permanent additions to its property, or for the purpose of reimbursing the treasury of the company because of income expended for the acquisition or construction of permanent additions to its property. The term "income" as herein used, includes any moneys in the company's treasury not obtained from the issue of stock or stock certificates or bonds, notes or other evidences of indebtedness. The term "permanent additions" shall include only permanent improvements, extensions or additions acquired or constructed by the water company subsequent to the date of this indenture and usable in connection with its business of acquiring and distributing water. Such additional bonds may be authenticated and delivered only upon compliance with the conditions and subject to the limitations hereinafter in this article set forth.

ORDER.

Venice Consumers Water Company, having applied to the Railroad Commission for permission to issue \$350,000 of bonds, \$55,000 of preferred stock and \$153,000 of common stock, a public hearing having been held before Examiner Fankhauser and the Railroad Commission being of the opinion that the Venice Consumers Water Company should be authorized to issue not exceeding \$300,000 of bonds, \$55,000 of preferred stock and \$153,000 of common stock, and that the money, property or labor to be procured or paid for by such issue is reasonably required by applicant for the purposes herein stated, and that the expenditures for such purposes are not in whole, or in part, reasonably chargeable to operating expenses or to income;

It is hereby ordered, that the Venice Consumers Water Company be and it is hereby authorized to execute a deed of trust substantially in the same form as the deed of trust filed in this proceeding, provided that article II of said deed of trust be modified so as not to be in conflict with this decision, and provided further, that the authority herein granted to execute a deed of trust is for the purpose of this proceeding only and is granted in so far as this Commission has jurisdiction under the terms of the Public Utilities Act and is not intended as an approval of such deed of trust as to such other legal requirements to which said deed of trust may be subject.

It is hereby further ordered, that the Venice Consumers Water Company be and it is hereby authorized to issue not exceeding \$300,000 of 6½ per cent first mortgage bonds payable April 1, 1944, not exceeding \$55,000 of 7 per cent preferred stock and not exceeding \$153,000 of common stock.

The authority herein granted is subject to further conditions as follows:

1. The bonds herein authorized to be issued shall be sold by applicant for not less than 94 per cent of their face value and accrued interest, the preferred stock for not less than par and the common stock for not less than 85 per cent of its par value.

2. The proceeds realized from the sale of the bonds and stock shall be used for the purpose of paying for the properties formerly owned by the City Water Company of Ocean Park, the Venice of America Water Company and Fredericks Water Company, and to acquire and construct the improvements to which reference is made in the foregoing opinion, and pay not exceeding \$5,000 organization expenses.

3. Applicant shall file with the Commission two copies of its deed of trust, said copies to be filed as soon as said deed of trust is executed.

4. Applicant shall keep such record of the issue, sale and delivery of the bonds and stock herein authorized and of the disposition of the proceeds as will enable it to file on or before the twenty-fifth day of each month a verified report, as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

5. The authority herein granted will become effective when applicant has paid the fee prescribed by section 57 of the Public Utilities Act, which fee is \$300. No bonds or stock may be issued, sold or delivered after December 1, 1924.

It is hereby further ordered, that this application in so far as it relates to the issue of \$50,000 of bonds be dismissed without prejudice.

Dated at San Francisco, California, this thirtieth day of April, 1924.

DECISION No. 13489.

IN THE MATTER OF THE APPLICATION OF SANTA PAULA WATER WORKS, A CORPORATION, FOR AUTHORITY TO ISSUE STOCK.

Application No. 9956.

Decided April 30, 1924.

Farrand and Slosson, by *Leonard B. Slosson*, for Applicant.

BY THE COMMISSION.

OPINION.

Santa Paula Water Works asks permission to issue and sell at par

for cash 1000 shares of its capital stock, of the aggregate par value of \$100,000, for the purpose of paying outstanding notes.

A public hearing in this matter was held before Examiner Williams in Los Angeles.

The application shows that the company is engaged in owning and operating a water system in and about the city of Santa Paula, Ventura County, supplying water for domestic, irrigation, industrial, fire protection and municipal use. On December 31, 1921, it reported 1041 consumers, on December 31, 1922, 1207 consumers and on December 31, 1923, 1413 consumers. The company reports gross revenues of \$25,027.95 for the year ending December 31, 1922, and of \$32,842.16 for the year ending December 31, 1923. After paying operating expenses, including taxes and depreciation, it reports gross corporate income of \$11,841.54 in 1922, and \$14,986.21 in 1923. Interest and other income charges amounted to \$835.48 in 1922, and \$1,766.42 in 1923, leaving \$11,006.06 available for dividends during the former year and \$13,219.79 during the latter. During both years dividends amounting to \$6,750 were paid.

It appears that applicant was organized with an authorized capital stock of \$150,000, divided into 1500 shares of the par value of \$100 each, all of which are reported outstanding. It is now reported, however, that recently the authorized capital stock was increased to \$250,000, divided into 2500 shares of the par value of \$100 each. Applicant now proposes to sell the additional \$100,000 of stock now applied for at par for cash to Limoneira Company, a corporation, which controls the outstanding stock of Thermal Belt Water Company, which company in turn owns 90 per cent of applicant's outstanding stock.

The company reports that it proposes to use the proceeds from the sale of its stock to pay outstanding indebtedness incurred in making extensions, additions and betterments. In this connection it reports expenditures for extensions, additions and betterments, during the year ending December 31, 1923, as follows:

Building, structures and grounds	\$528 92
Pumping station buildings	405 44
Wells	4,676 90
Canals and conduits	67 11
Pumping equipment	1,709 84
Purification system	978 72
Distributing mains and canals	61,918 55
Distributing reservoirs, tanks, standpipes	5,166 75
Services	8,896 76
Meters and measuring devices	3,920 29
Miscellaneous distributing equipment	351 44
Garage equipment	677 69
Total	\$89,298 47
Construction work in progress December 31, 1923	7,634 36
Total	\$96,932 83

Expenditures for additions and betterments are reported as \$12,678.33 in 1922, and as \$3,558.70 in 1921. The total indebtedness of the company as of December 31, 1923, is reported as \$109,494.42, consisting of \$106,000 of notes payable, \$511.25 of consumers' deposits and \$2,983.17 of miscellaneous accounts payable. It appears that the proceeds to be received from the sale of the \$100,000 of stock will be used to pay, in part, the outstanding notes. A list of these notes shows that \$90,000 were issued during 1923, \$8,000 during 1924, \$2,000 during 1922 and \$6,000 during 1917. The \$6,000 of notes issued during 1917 were authorized by the Commission by Decision No. 4318, dated May 17, 1917, to pay outstanding indebtedness and to finance the cost of additions and betterments. The remaining notes are reported to have been issued for a term of one year. According to the testimony of C. P. Foster, applicant's secretary, the proceeds obtained through the issue of the \$106,000 of notes were used to finance capital expenditures.

ORDER.

Santa Paula Water Works having applied to the Railroad Commission for permission to issue and sell \$100,000 of its capital stock, a public hearing having been held and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for by such issue is reasonably required by applicant for the purposes specified herein and that the expenditures for such purposes are not in whole, or in part, reasonably chargeable to operating expenses or to income;

It is hereby ordered, that Santa Paula Water Works be and it is hereby authorized to issue and sell for cash at not less than par, on or before December 31, 1924, \$100,000 of its capital stock and to use the proceeds to pay, in part, the outstanding notes to which reference is made in the foregoing opinion.

The authority herein granted is subject to further conditions as follows:

1. Applicant shall keep such record of the issue, sale and delivery of the stock herein authorized and of the disposition of the proceeds as will enable it to file on or before the twenty-fifth day of each month a verified report, as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

2. The authority herein granted will become effective upon the date hereof.

Dated at San Francisco, California, this thirtieth day of April, 1924.

DECISION No. 13490.

IN THE MATTER OF THE APPLICATION OF GREAT WESTERN POWER COMPANY OF CALIFORNIA, A CORPORATION, TO ISSUE AND SELL TWO MILLION DOLLARS OF SERIES "C" FIRST AND REFUNDING MORTGAGE BONDS.

Application No. 9998.

Decided April 30, 1924.

Guy C. Earl and Chaffee E. Hall, by Chaffee E. Hall, for Applicant.

BY THE COMMISSION.

OPINION.

In this application, Great Western Power Company of California asks permission to issue and sell, at not less than 95½ per cent of face value, plus accrued interest, \$2,000,000 of its Series "C" first and refunding mortgage 6 per cent bonds, due February 1, 1952, and to use the proceeds to finance the cost of extensions, additions and betterments to its plants and properties.

As of December 31, 1923, the company reports \$34,524,084.21 of stock outstanding, consisting of \$27,500,000 of common stock and \$7,024,084.21 of 7 per cent cumulative preferred stock. In addition, capital stock subscriptions of \$628,000 are reported. Bonded debt outstanding in the hands of the public as of the same date is reported as \$40,712,550. This includes \$5,968,000 of Series "A" 6 per cent first and refunding bonds, due March 1, 1949, \$5,107,100 of Series "B" 7 per cent first and refunding bonds, due August 1, 1950, and \$3,983,000 of Series "C" 6 per cent first and refunding bonds, due February 1, 1952; a total of \$15,058,100 of first and refunding mortgage bonds. The remaining bonds outstanding consist of \$20,331,000 of Great Western Power Company first mortgage 5 per cent bonds, due July 1, 1946; \$2,489,000 of applicant's general lien 8 per cent bonds, due February 1, 1936; \$1,175,000 of City Electric Company first mortgage 5 per cent bonds, due July 1, 1937; \$1,542,450 of Consolidated Electric Company general mortgage 5 per cent bonds, due June 1, 1955; \$49,000 of Central Oakland Light and Power Company first mortgage 5 per cent bonds, due May 1, 1939, and \$68,000 of Consumers Light and Power Company general mortgage 6 per cent bonds, due April 15, 1933. The company also reports outstanding \$4,177,600 of 6 per cent debentures, due November 1, 1925. In addition to the bonds outstanding in the hands of the public, the company reports \$8,167,350 of bonds pledged as collateral, \$80,500 held in sinking funds and \$1,177,500 held in the treasury.

The company reports its revenues and expenses for the years ending December 31st as follows:

<i>Item</i>	<i>1922</i>	<i>1923</i>
Operating revenues -----	\$7,201,944 07	\$6,887,622 74
Operating expenses -----	3,133,514 22	2,581,011 25
Net operating revenues -----	\$4,068,429 85	\$4,306,611 49
Nonoperating income -----	481,385 35	52,331 06
Gross corporate income available for interest, etc.	\$4,549,815 20	\$4,358,942 55
<i>Deduct:</i>		
Interest on funded debt -----	\$2,490,539 24	\$2,497,943 06
Other interest -----	31,244 78	17,132 90
Uncollectible bills -----	12,043 65	7,495 96
Amortization of debt discount -----	142,792 73	118,972 68
Rents -----	269,309 15	248,193 75
Other deductions -----	34,696 30	26,560 32
Total deductions -----	\$2,980,625 85	\$2,916,298 67
Profit for year -----	\$1,569,189 35	\$1,442,643 88

The application indicates that the expenditures which it is proposed to finance in part, through the issue of the \$2,000,000 of bonds now applied for, were incurred subsequent to January 1, 1923, and prior to February 29, 1924, or are to be incurred during the period from March 1, 1924, to December 31, 1924. The company reports that during the fourteen months ending February 29, 1924, it expended \$3,234,940.76 for capital purposes. In addition, it reports that it will need \$729,250 to complete construction work in progress on February 29, 1924, and \$1,338,727 to take care of estimated capital expenditures during the ten-month period from March to December, both inclusive. The total expenditures aggregate \$5,302,917.76 and are shown in some detail in Exhibits "A," "B" and "C," filed with the application. From the \$5,302,917.76 applicant deducts \$2,164,119.82 which is reported to represent proceeds received from the sale of stock and bonds heretofore authorized by the Commission, and \$617,000 which, it is estimated, will be received during 1923 from the sales of stock heretofore authorized. Deducting the \$2,164,119.82 and \$617,000 from the \$5,302,917.76 leaves a balance of \$2,521,797.94 required to completely finance the company's actual or estimated construction expenditures to December 31, 1924.

The expenditures made between January 1, 1923, and February 29, 1924, include \$320,773.06 for production capital, \$766,029.96 for transmission capital, \$1,452,381.21 for distribution capital, \$15,565.28 for general capital and \$680,191.25 on account of the installation of a third unit of 22,000 kilovolt amperes at Caribou, making a total of \$3,234,940.76. The construction work in progress on February 29, 1924, amounting to \$729,250, includes \$201,503 for the Caribou plant, \$77,566 on the Big Bend development for necessary transformers and switches for connecting the 165 kilovolt transmission system to the 100

kilovolt transmission system and transformers for Big Bend and Brighton, \$284,219 for the Golden Gate substation, \$86,824 for increasing the storage capacity of the Butt Valley dam, \$54,544 for other production capital and \$24,594 for distribution capital. The estimated expenditures of \$1,338,727 for the last ten months of 1924 include \$20,000 for production capital, \$110,913 for transmission capital, and \$1,207,814 for distribution capital. The latter amount includes \$316,314 for the San Francisco Division, \$492,000 for the Oakland Division, \$225,000 for the Northwestern Division, \$161,000 for the Sacramento Division, and \$9,000 for the Big Meadows Division, and \$4,500 for general equipment.

ORDER.

Great Western Power Company of California having applied to the Railroad Commission for permission to issue and sell \$2,000,000 of its Series "C" first and refunding mortgage bonds, a public hearing having been held before Examiner Fankhauser, and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for through the issue and sale of such bonds is reasonably required by applicant and that the expenditures herein authorized are not in whole, or in part, reasonably chargeable to operating expenses or to income;

It is hereby ordered, that Great Western Power Company of California be and it is hereby authorized to issue and sell at not less than 95½ per cent of face value, plus accrued interest, \$2,000,000 of its Series "C" first and refunding mortgage bonds.

The authority herein granted is subject to further conditions as follows:

1. Applicant may use the proceeds received from the sale of the bonds herein authorized, other than accrued interest, to reimburse its treasury and to finance, in part, the cost of extensions, additions and betterments to which reference is made in the foregoing opinion and which are described in Exhibits "A," "B" and "C," filed with the application. The accrued interest may be used for general corporate purposes.

2. Applicant shall keep such record of the issue, sale and delivery of the bonds herein authorized and of the disposition of the proceeds as will enable it to file on or before the twenty-fifth day of each month a verified report as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

3. The authority herein granted will become effective when applicant has paid the fee prescribed by section 57 of the Public Utilities Act, which fee is \$1,500. No bonds may be issued, sold or delivered subsequent to October 30, 1924.

Dated at San Francisco, California, this thirtieth day of April, 1924.

DECISION No. 13500.

IN THE MATTER OF THE APPLICATION OF PACIFIC SOUTHWESTERN
TRANSPORTATION COMPANY TO ISSUE AND SELL STOCK.

Application No. 9939.

Decided May 1, 1924.

E. J. Foulds and *H. W. Hobbs*, for Applicant.

BY THE COMMISSION.

ORDER.

Pacific Southwestern Transportation Company asks permission to issue and sell at par \$25,000 of its common capital stock.

The Commission by Decision No. 13476, dated April 24, 1924, in Application No. 9937, declares that public convenience and necessity require the operation by Pacific Southwestern Transportation Company of an automotive stage line as a common carrier of passengers between the city of Lompoc and White Hills, Santa Barbara County, and intermediate points. There has been filed with the Commission a statement showing that two busses, one costing \$4,000 and the other \$1,700, will be transferred to applicant. The information submitted does not warrant the Commission to authorize the issue of \$25,000 of stock.

The Commission is of the opinion that a public hearing is not necessary in this matter and that applicant should be permitted to issue not exceeding \$6,000 of its common stock. The money, property or labor to be procured or paid for by such issue is reasonably required by applicant.

It is hereby ordered, that the Pacific Southwestern Transportation Company be and it is hereby authorized to issue and sell at not less than par \$6,000 of its common capital stock and use the proceeds obtained from the sale of such stock to acquire auto stage equipment and for working capital.

The authority herein granted is subject to the following conditions:

1. Applicant shall keep such record of the issue, sale and delivery of the stock herein authorized and of the disposition of the proceeds as will enable it to file on or before the twenty-fifth day of each month a verified report, as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

2. The authority herein granted will become effective upon the date hereof. None of the stock herein authorized to be issued may be issued, sold or delivered after October 1, 1924.

It is hereby further ordered, that this application, in so far as it involves the issue of \$19,000 of stock, be and the same is hereby dismissed without prejudice.

Dated at San Francisco, California, this first day of May, 1924.

DECISION No. 13514.

IN THE MATTER OF THE APPLICATION OF THE CITY OF LOS ANGELES FOR AN ORDER REQUIRING THE PACIFIC ELECTRIC RAILWAY COMPANY TO LOWER AT ONCE ITS TRACKS TO GRADE AT THE INTERSECTION OF THE BEVERLY-SAWTELLE LINE OF SAID ROAD WITH WILSHIRE BOULEVARD, AND THE ESTABLISHMENT OF A CROSSING AT GRADE OF SAID LINE OF SAID RAILWAY AT A POINT BETWEEN CARRILLO DRIVE AND FOSTER DRIVE IN SAID CITY.

Application No. 9897.

Decided May 5, 1924.

Milton Bryan, Deputy City Attorney, for the City of Los Angeles.
Hunsaker, Britt and Cosgrove, for the J. Harvey McCarthy Company.
Frank Karr, for Pacific Electric Railway Company.
David R. Faries, for Automobile Club of Southern California.
Paul E. Schicab, City Attorney, for the City of Beverly Hills.

WHITTLESEY, *Commissioner*.

OPINION.

The above entitled application was filed with the Commission on March 19, 1924, by the city of Los Angeles, for permission to construct a crossing opposite McCarthy Vista at grade across the two tracks of Pacific Electric Railway Company, and for an order requiring the said railway company to lower its tracks to the established grade of Wilshire boulevard.

A public hearing was held on this proceeding in Los Angeles on April 7, 1924.

The Beverly-Sawtelle line of Pacific Electric Railway Company, hereinafter called the railway, is a double-track electric railroad, which, in the vicinity of McCarthy Vista and Wilshire boulevard, runs in a northeasterly and southwesterly direction and is paralleled on both sides by Eulalia boulevard. High speed interurban service is maintained on a headway of thirty minutes, with a total of forty-eight inbound trains and forty-two outbound trains daily.

The territory which the proposed crossing opposite McCarthy Vista is to serve is a new subdivision known as Carthay Center, lying on both sides of the railway. McCarthy Vista is a paved street located approximately eighteen hundred feet southeast of the grade crossing of Wilshire boulevard and the railway, and sixteen hundred feet northwest of the grade crossing at Fairfax avenue.

The need for a crossing opposite McCarthy Vista is to connect the residential section of the Carthay Center subdivision on the north with the residential and business sections on the south of the railroad. Although a large number of the residential lots have been sold and several of the business lots have been leased in that portion of the subdivision located south of the railway, the purchasers have not improved their property and they are waiting for a crossing to be established.

The plan of Carthay Center submitted by the applicant, shows two grade crossings opposite McCarthy Vista. The first is a continuation of Foster drive and the other a continuation of Carrillo drive, which are four hundred and twenty-five feet apart. Both the applicant and the representative of the railway company expressed the opinion that one crossing approximately one hundred and twenty feet wide which would be a continuation of McCarthy Vista, would be less hazardous than two crossings.

The grade of the railway is approximately four feet above the grade of the adjacent streets. It will greatly reduce the hazard at this crossing and tend to enhance the value of the business lots in Carthay Center to lower the grade and tracks of the railway to the grade of the adjacent streets. The view at this crossing is not obstructed but owing to the high speed interurban traffic a crossing at this location should be protected by an automatic flagman.

The Carthay Center Syndicate, owners of the Carthay Center subdivision, have agreed to reimburse the applicant, the city of Los Angeles, for the entire cost of constructing the crossing and lowering the railway tracks and embankment. The railway company does not oppose the granting of the grade crossing, provided the entire expense is borne by the applicant.

It appears that public convenience and necessity requires a crossing at McCarthy Vista and the application should be granted. It seems equitable that the applicant should bear the entire expense of constructing this crossing, including the cost of lowering the tracks.

In this proceeding the city of Los Angeles has also applied for an order requiring the railway company to lower its grade at the intersection of Wilshire boulevard to the newly established grade of said boulevard and to apportion the cost thereof in a just and equitable manner.

This crossing is in the city of Los Angeles and is located approximately one hundred feet westerly of the boundary line between the city of Los Angeles and the city of Beverly Hills. Wilshire boulevard is one of the most important and congested traffic arteries leading from Los Angeles to the west beach territory. The present elevation of the railway company's tracks is approximately three and one-half feet above the newly established official grade of Wilshire boulevard. The present grades of approach are approximately 5 per cent on the easterly side of the tracks and 2 per cent on the westerly side of the tracks. This crossing is now protected by an automatic flagman and the customary crossing sign and all trains make a safety stop before proceeding across Wilshire boulevard. There are no buildings in the immediate vicinity of the crossing and the view is in no way obstructed.

Wilshire boulevard has now been paved to the toe of the railway embankment. An earth-fill approach has been made on the easterly side of the crossing approximately sixty feet long, with a grade of 5 per cent. This has created a real hazard when the large amount of vehicular traffic is considered. The grade of the original approach on the Los Angeles side of the crossing was approximately 2 per cent and presented, in so far as the grade of approach is to be considered, a relatively small hazard.

The vehicular traffic on Wilshire boulevard is very heavy and a grade separation would be desirable. Several plans for an overhead crossing at this location have been prepared by the engineering departments of the city of Los Angeles and Pacific Electric Railway Company in conjunction with the Los Angeles County Grade Crossing Committee. The logical plan, from an engineering and financial standpoint, would be to elevate the tracks of the railway about twelve feet across Wilshire boulevard by means of a viaduct with earth embankment approaches, and lower the present grade of Wilshire boulevard under the viaduct approximately five feet, or as low as possible and still maintain natural drainage. The representative of the railway company estimated that it would cost \$213,500 to construct an overhead crossing of this type.

The property owners adjacent to this crossing object to an overhead structure of any kind and claim that it would greatly depreciate the value of their property and urged that the railway company's tracks be depressed and carried under Wilshire boulevard through a subway, with open-cut approaches. The city trustees of Beverly Hills have passed a resolution stating that they are definitely opposed to an overhead crossing, and the city council and the board of public works of the city of Los Angeles have also gone on record as being opposed to an elevated structure at this crossing.

Plans for such a depression of the tracks have been prepared by the engineering department of the city of Los Angeles with an estimated cost of \$575,000. The railway company has also prepared plans for the depression of their tracks with an estimated cost of \$776,000 and an additional expenditure of \$271,000 to construct a diversion channel to take care of the storm water from a large open drainage ditch which crosses the railway company's right of way approximately sixty feet northwesterly from the Wilshire crossing, making the total estimated cost \$1,047,000.

When these large sums, estimated as the cost of depressing the tracks in order to eliminate the grade crossing in the only manner now acceptable to the city, are compared with the estimated cost of \$213,000 for a suitable overhead structure, it is evidently impracticable to attempt to separate the grades at the present time.

No question is raised as to the propriety of the city of Los Angeles changing the grade of Wilshire boulevard, but, if because of the change of grade the crossing of the railway is made more hazardous to the traveling public, it would appear that the obligation to correct this hazard rests upon the city of Los Angeles, especially when as in this case the company or its patrons will receive no benefit from the change.

If the plan proposed by the city of Los Angeles is carried out it may be that the ultimate cost of effecting a separation of grades will be somewhat increased and this additional cost would also appear to be at that time a burden which the city should bear.

It is immaterial as far as the traveling public is concerned whether the tracks are lowered or suitable approaches rebuilt, and since the city of Los Angeles has expressed its desire to have the railroad tracks lowered it appears proper to grant the application, provided the expense of this work is assessed to the city of Los Angeles.

The following form of order is recommended:

ORDER.

The city of Los Angeles having made application for permission to construct a crossing at grade across the Beverly-Sawtelle line of Pacific Electric Railway Company opposite McCarthy Vista, and for an order requiring the said railway company to lower its tracks to the established grade of Wilshire boulevard, a public hearing having been held, the Commission being apprised of the facts, the matter being under submission and ready for decision;

It is hereby ordered, that permission be and it is hereby granted the city of Los Angeles, Los Angeles County, State of California, to construct McCarthy Vista at grade across the tracks of Pacific Electric Railway Company at the location described as follows:

Beginning at a point on the southwesterly line of the right of way of Pacific Electric Railway Company's Beverly-Sawtelle line, south 50° 57' 10" east a distance of 115 feet southeasterly from the intersection of said right of way line with the prolongation of the southeasterly line of Foster drive, as shown on map 5415, Tract 5542, city and county of Los Angeles, State of California, on file in the office of the county recorder of said county; thence south 50° 57' 10" east along the southwesterly line of said right of way a distance of 120 feet; thence north 39° 02' 50" east a distance of 50 feet; thence north 50° 57' 10" west along the northeasterly line of said right of way a distance of 120 feet; thence south 39° 02' 50" west a distance of 50 feet to the point of beginning.

All of the above as shown on the map attached to the application; said crossing to be constructed subject to the following conditions:

(1) The tracks of Pacific Electric Railway Company shall be lowered at said crossing to conform with the established grade of McCarthy Vista and Eulalia boulevard for a distance not to exceed three hundred and twenty (320) feet, with suitable approaches thereto, with grades of approximately one and one-half (1.5) per cent.

(2) The entire expense of constructing said crossing, including the cost of lowering tracks, shall be borne by the applicant. The cost of maintenance up to lines two (2) feet outside of the outside rails shall be borne by applicant. The maintenance of that portion of the crossing between lines two (2) feet outside of the outside rails shall be borne by Pacific Electric Railway Company.

(3) Said crossing shall be paved with a hard surface pavement, or other approved type of high standard construction, for the entire length and width thereof; shall be constructed of a width of one hundred and twenty (120) feet, and at an angle of ninety (90) degrees with the railroad, with grades of approach not greater than two (2) per cent; shall be protected by a suitable crossing sign, and shall in every way be made safe for the passage thereon of vehicles and other road traffic.

(4) An automatic flagman shall be installed for the protection of said crossing at the sole expense of applicant, said automatic flagman to be of a type and installed in accordance with plans or data approved by the Commission and shall be installed in the center of said crossing on the southerly side of said railway. The maintenance of said automatic flagman shall be borne by Pacific Electric Railway Company.

(5) Applicant shall, within thirty (30) days thereafter, notify this Commission, in writing, of the completion of the installation of said crossing.

(6) If said crossing shall not have been installed within one year from the date of this order, the authorization herein granted shall then lapse and become void, unless further time is granted by subsequent order.

(7) The Commission reserves the right to make such further orders relative to the location, construction, operation, maintenance and protection of said crossing as to it may seem right and proper, and to revoke its permission if, in its judgment, the public convenience and necessity demand such action.

It is hereby further ordered, that Pacific Electric Railway Company is hereby directed to lower its tracks at the crossing of the Beverly-Sawtelle line with Wilshire boulevard to conform with the established grade of Wilshire boulevard.

It is hereby further ordered, that the entire expense of lowering the tracks of the Beverly-Sawtelle line to conform with the established grade of Wilshire boulevard shall be borne by the city of Los Angeles.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

This order shall become effective ten (10) days after the making thereof.

Dated at San Francisco, California, this fifth day of May, 1924.

DECISION No. 13516.

IN THE MATTER OF THE APPLICATION OF SOUTHERN PACIFIC RAILROAD COMPANY, SOUTHERN PACIFIC COMPANY AND MINARETS AND WESTERN RAILWAY COMPANY FOR AN ORDER AUTHORIZING THE GRANTING BY THE SOUTHERN PACIFIC RAILROAD COMPANY AND SOUTHERN PACIFIC COMPANY TO THE MINARETS AND WESTERN RAILWAY COMPANY OF THE RIGHT AND PRIVILEGE TO CONNECT ITS RAILROAD WITH THE RAILROAD OF THE SOUTHERN PACIFIC RAILROAD COMPANY AT FRIANT AND AT PINEDALE JUNCTION, FRESNO COUNTY, CALIFORNIA, AND TO USE THE SAID RAILROAD OF THE SOUTHERN PACIFIC RAILROAD COMPANY BETWEEN SAID POINTS FOR OPERATION OF FREIGHT, PASSENGER, BAGGAGE, MAIL, EXPRESS TRAINS AND OTHER EQUIPMENT OF MINARETS AND WESTERN RAILWAY COMPANY THEREON.

Application No. 9836.

Decided May 5, 1924.

W. M. Singer, for Applicants Southern Pacific Railroad Company and Southern Pacific Company.

Goudge, Robinson and Hughes, by *S. B. Robinson*, for Applicant Minarets and Western Railway Company.

MARTIN, Commissioner.

OPINION.

Southern Pacific Railroad Company, a corporation, Southern Pacific Company, a corporation, and Minarets and Western Railway Company, a corporation, have jointly petitioned the Railroad Commission for an order approving the joint use of the railroad between Friant and Pinedale Junction, Fresno County, as owned by applicant Southern Pacific Railroad Company, and operated under lease by applicant Southern Pacific Company and applicant Minarets and Western Railway Company, said joint operation to extend over a portion of the line, approximately 9.893 miles in length. Also for approval of the construction, maintenance and operation of a proposed wye track connecting a spur track of the Minarets and Western Railway Company with a track owned by the Southern Pacific Railroad Company and operated by the Southern Pacific Company, about four miles south of the Southern Pacific Company's station of Friant.

The proposed joint operation of main line tracks and the construction, maintenance and operation of the proposed wye tracks are to be in accordance with the provisions of agreements attached to and forming a portion of the application herein, and the approval of the Commission is requested authorizing the execution of said proposed agreements.

A public hearing was held at San Francisco on April 29, 1924, at which time the matter was duly submitted for decision.

Applicant Southern Pacific Railroad Company owns, and applicant Southern Pacific Company, as lessee, operates and maintains a standard

gauge railroad from Pinedale Junction to Friant, all in Fresno County, a distance of 9.893 miles.

Applicant Minarets and Western Railway Company has constructed a railroad from Friant, in Fresno County, to Wishon, in Madera County, a distance of approximately 39 miles and also a line of railroad from Pinedale Junction to Pinedale, all in Fresno County, a distance of approximately $4\frac{1}{2}$ miles.

The line of the Southern Pacific Railroad Company, as operated under lease by Southern Pacific Company, forms a convenient connecting link between the two lines of railroad now owned by the Minarets and Western Railroad, and the proposed joint use of the Southern Pacific line between Friant and Pinedale Junction will eliminate the duplication of facilities necessary to form a through line by the Minarets and Western Railway Company in the connection of the two separate lines of railroad which have been constructed by said applicant.

Applicant Minarets and Western Railway Company desires to construct, maintain and hereafter operate wye track connections between a proposed spur track serving a gravel pit or rock quarry and the track owned by the Southern Pacific Railroad Company and operated under lease by Southern Pacific Company at a point about four (4) miles south of Friant, said proposed tracks being more fully shown on a blue print map, dated June 30, 1923, attached to and forming a part of the proposed agreement for which approval is herein requested.

No protest against the granting of the application was made and it appears that the joint operation herein proposed is in the public interest in that unnecessary duplication of facilities will be avoided. The proposed joint operating agreements have been reviewed and I find nothing therein against public policy.

I recommend that the application be granted subject to the conditions as appearing in the following form of order:

ORDER.

A public hearing having been held in the above entitled proceeding, the matter having been duly submitted and the Commission being now fully advised and of the opinion that this application should be granted;

It is hereby ordered, that this application be and the same hereby is granted, subject to the following conditions:

1. The items of value as appearing on page two of the application and in the agreement for the operation of joint trackage as herein authorized approved, shall never be claimed by applicants herein or any of them, as values approved by this Commission in any rate-fixing or other proceeding before this Commission or any other authorized regulatory body, the values therein expressed being considered by the

Commission as agreed amounts satisfactory to applicants as a basis for rental and other charges and applicable only for the purpose of the agreement herein authorized.

2. The order herein will be effective when the agreements herein proposed will have been duly executed and certified copies of such executed agreements will have been filed with this Commission.

The Commission reserves the right to make such other and further orders in this proceeding as to it may appear just and proper or as in its opinion the public convenience and necessity may require.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this fifth day of May, 1924.

DECISION No. 13518.

IN THE MATTER OF THE APPLICATION OF FRANK E. LAUMANN FOR
PERMISSION TO INSTALL WATER METERS IN WATER SYSTEM
AT THE TOWN OF FULTON, SONOMA COUNTY, CALIFORNIA.

Application No. 9913.

Decided May 5, 1924.

H. B. Churchill, for Applicant.

BY THE COMMISSION.

OPINION.

In this proceeding Frank E. Laumann, who owns and operates a small water system supplying about twenty-four consumers in the town of Fulton, Sonoma County, with water for domestic purposes, asks for authority to install meters and to charge a minimum of \$1.50 per month for 3,000 gallons of water and 25 cents for each additional 750 gallons.

The application alleges that the consumers are now restricted to certain hours within which to use the water; that under a meter system, these restrictions could be removed, and that the revenues from the present rates are not sufficient for operating expenses and return on the investment.

A hearing in this proceeding was held before Examiner Satterwhite at Fulton, after all consumers had been notified and given an opportunity to appear and be heard.

The evidence indicates that this system was installed in 1910, primarily for the purpose of fire protection for a store owned and operated by applicant. Not being able to obtain a reduction in insurance rates from the installation, domestic water service was offered to neighbors,

and consumers were gradually added to the system until about twenty-four are now being supplied.

The rates in effect are flat rates and provide for a monthly minimum charge of \$1.50.

The water is obtained from a 6-inch well 47 feet deep, from which it is pumped by a 1½-inch automatically controlled rotary pump and raised to a 4000-gallon tank on a 22-foot tower, from which it is distributed to the consumers through about 2480 feet of 2-inch, 1½-inch and 1¼-inch standard screw pipe.

Applicant testified that the estimated cost of the system at present-day prices was \$2,015.17, and that the revenues for 1923 were approximately \$328.40. Applicant further testified that in order to reduce the fire hazard to the store and the community, consumers were not permitted to use water for irrigation purposes at night or during holidays and Sundays, and for that reason authority is asked to install meters which would tend to conserve the water and allow the restriction as to irrigation use to be removed.

William Stava, one of the Commission's hydraulic engineers, presented a report which showed the estimated original cost of the system to be \$1,480, with a reasonable depreciation annuity of \$37. The operating expenses for 1923 were \$190, and the operating revenues were \$328. Mr. Stava testified that the system could be economically operated only in connection with some other business, and for that reason the reasonableness of the rate was the controlling factor rather than the estimated annual charges. It was recommended that the minimum charge of \$1.50 per month be retained for the meter rate, but that the water allowance be increased from 3000 gallons, as desired by applicant, to 3750 gallons. Mr. Stava's report and recommendations were accepted by applicant.

This Commission has declared in many instances that the most equitable manner in which the cost of furnishing the water supply may be divided among consumers is through the metering of the amounts consumed and the payment by each consumer for only such water as is actually used. The present instance is no exception to the general rule and it is evident that the work of metering services on this water system should proceed as rapidly as financial considerations will permit.

ORDER.

Frank E. Laumann having made application for authority to install meters and for the establishment of meter rates for water delivered to consumers at Fulton, Sonoma County, a public hearing having been held thereon, the matter having been submitted and the Commission being now fully informed in the matter:

It is hereby found as a fact that the rates now charged by Frank E. Laumann for water delivered to consumers at Fulton, Sonoma

County, are unjust and unreasonable in so far as they differ from the rates herein established, and that the rates herein established are just and reasonable rates for such service.

And basing the order upon the foregoing findings of fact and upon the statements of fact contained in the preceding opinion;

It is hereby ordered, that Frank E. Laumann be and he is hereby directed to file with this Commission, within twenty (20) days from the date of this order, the following schedule of rates for all water delivered to consumers in Fulton, Sonoma County, subsequent to May 31, 1924:

Monthly Meter Rates.

From 0 to 3750 gallons, per 1000 gallons-----	\$0 25
All over 3750 gallons, per 1000 gallons-----	25

Monthly Minimum Charges.

For $\frac{5}{8}$ -inch meter-----	1 50
For $\frac{3}{4}$ -inch meter-----	2 50
For 1-inch meter-----	4 00

NOTE.—Each of the foregoing monthly minimum charges will entitle the consumer to the quantity of water which that minimum charge will purchase at the "monthly meter rates" as set out above.

A meter may be installed upon any service at the option of either the utility or the consumer. If installed at the option of the utility, the entire cost thereof shall be borne by the utility. If installed at the request of the consumer, the cost of the meter and installation shall be advanced by the consumer to the utility and the amount so advanced shall be returned to the consumer as credits on the monthly bills for water consumed at the rate of thirty (30) per cent of such monthly bills until the entire amount advanced shall have been returned.

Monthly Flat Rates.

The present schedule of flat rate charges to continue in effect until such time as a meter is installed upon any service.

It is hereby further ordered, that Frank E. Laumann be and he is hereby directed to file with this Commission within thirty (30) days of the date of this order, rules and regulations to govern the relations with consumers, such rules and regulations to become effective upon their acceptance by the Commission.

Dated at San Francisco, California, this fifth day of May, 1924.

DECISION No. 13524.

IN THE MATTER OF THE APPLICATION OF ED FLETCHER, SOLE SURVIVING PARTNER OF THE PARTNERSHIP COMPOSED OF JAMES A. MURRAY, NOW DECEASED, ED FLETCHER AND WM. G. HENSHAW, DOING BUSINESS UNDER THE FIRM NAME AND STYLE OF CUYAMACA WATER COMPANY, FOR AN ORDER AUTHORIZING THE SALE OF A CERTAIN WATER SYSTEM IN SAN DIEGO COUNTY, NOW OWNED AND OPERATED BY SAID PARTNERSHIP AND OF THE CUYAMACA WATER COMPANY, A CORPORATION, TO PURCHASE AND ACQUIRE SAID WATER SYSTEM; AND FOR AN ORDER AUTHORIZING THE ISSUE OF STOCKS AND BONDS OF SAID CORPORATION.

Application No. 9865.

Decided May 5, 1924.

Crouch and Sanders, by Hugh A. Sanders, for Applicants.

MARTIN, Commissioner.

FIRST SUPPLEMENTAL ORDER.

The Railroad Commission, by Decision No. 13468, dated April 24, 1924, authorized Cuyamaca Water Company, a corporation, subject to the conditions of such decision, to issue \$500,000 of bonds and \$1,000,000 of common stock for the purpose of acquiring the properties of Cuyamaca Water Company, a copartnership. On April 29th there was filed in the above entitled matter an application for a rehearing and the issue of \$250,000 of 7 per cent preferred stock. A rehearing was granted and a hearing had on May 1st. It is of record that the proceeds realized from the sale of \$500,000 of bonds will not be sufficient to enable the parties in interest to consummate the transfer of the properties of Cuyamaca Water Company, a copartnership, to the Cuyamaca Water Company, a corporation. It is believed that such transfer can be financed if the Commission will authorize the issue of \$250,000 of 7 per cent cumulative preferred stock. Applicants ask that this stock be additional to the \$1,000,000 of stock which the Commission has heretofore authorized to be issued. Consideration has been given to this request and it is believed that the \$250,000 of preferred stock which the Cuyamaca Water Company now asks permission to issue should not be additional to the stock heretofore authorized to be issued, but should be in substitution for \$250,000 of the common stock so authorized; therefore,

It is hereby ordered, that the provision of the order in Decision No. 13468, dated April 24, 1924, reading:

It is hereby further ordered, that Cuyamaca Water Company, a corporation, be and it is hereby authorized to purchase and operate such properties and to issue in payment therefor not exceeding \$1,000,000 par value of common stock and not exceeding \$500,000 face value of first mortgage bonds

be and it is hereby amended so as to read:

It is hereby further ordered, that the Cuyamaca Water Company, a corporation, be and it is hereby authorized to purchase and operate such properties and to issue in payment therefor not exceeding \$750,000 par value of common stock, not exceeding \$250,000 par value of 7 per cent cumulative preferred stock, and not exceeding \$500,000 face value of first mortgage bonds. The corporation shall, as soon as possible, file with the Commission a certified copy of its amended articles of incorporation.

It is hereby further ordered, that the order in Decision No. 13468, dated April 24, 1924, shall remain in full force and effect, except as modified by this first supplemental order.

The foregoing first supplemental order is hereby approved and ordered filed as the first supplemental order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this fifth day of May, 1924.

DECISION No. 13525.

IN THE MATTER OF THE APPLICATION OF M. W. BACON TO ASSIGN FRANCHISES FOR THE OPERATION OF STAGES FROM FRESNO TO HUME AND FROM VISALIA TO GENERAL GRANT NATIONAL PARK TO THE BACON SERVICE CORPORATION; AND APPLICATION ON BEHALF OF BACON SERVICE CORPORATION TO ACQUIRE SAID FRANCHISES AND TO ISSUE STOCK IN PAYMENT FOR SAME AND OTHER ASSETS.

Application No. 10026.

Decided May 7, 1924.

Samuel F. Hollins, for Applicants.

BY THE COMMISSION.

OPINION.

M. W. Bacon, conducting an automotive transportation business under the name of Kings River Stage and Transportation Company, asks permission to transfer his operative rights given him under Decision No. 12169 and previous decisions; and also under Decision No. 12168 and previous decisions to the Bacon Service Corporation. The Bacon Service Corporation asks permission to acquire such rights and issue 425 shares (\$42,500 par value) of common stock and 425 shares (\$42,500 par value) of preferred stock.

The operative rights proposed to be transferred to the corporation are as follows:

The right to operate freight and passenger stages between Sanger and Hume and intermediate points under Application No. 3628; the right to operate through passenger freight service between Fresno and Hume, with no local service between Fresno and Sanger under Application No. 4549; the right to carry passengers, baggage and express from Visalia to General Grant National Park via Dinuba with no local service between Visalia and Dinuba and Orange Cove, inclusive, under Application No. 7587; the right to change the route to General Grant National Park so as to go via Orange Cove instead of Badger, under Application No. 9051; the right to operate passenger stages and conduct freight business from General Grant National Park to Hume, under Application No. 9052. As said, M. W. Bacon has been conducting

his transportation business between the points mentioned, under the name of the Kings River Stage and Transportation Company.

It is the intention of the Bacon Service Corporation, in addition to continuing the transportation service between the points mentioned, to conduct a general ice business in the city of Sanger; a general feed and fuel business in the city of Sanger; and to conduct a general drayage business in the city of Sanger.

It appears from the application that the nonpublic utility business of the Bacon Service Corporation will be the principal activity of such corporation. The assets which will be acquired by the Bacon Service Corporation have been appraised at \$87,120.29 and consist of the following:

Real estate	\$9,500 00
Buildings	18,750 00
Motor equipment (Packards)	15,550 00
Motor equipment (Fords and trailers)	3,500 00
Garage and repair equipment	1,397 50
Warehouse equipment	1,635 00
Office furniture and fixtures	960 00
Accounts and notes receivable	10,000 00
Inventories	9,827 79
Goodwill	15,000 00
Total	\$87,120 29

For the purpose of this proceeding we will not recognize any value for goodwill attaching to the operative rights which we are herein authorizing to be transferred.

ORDER.

Application having been made to the Railroad Commission for an order authorizing the transfer of operative rights and properties and the issue of stock, and the Commission being of the opinion that this is not a matter in which a hearing is necessary and that the money, property or labor to be procured or paid for through the issue and sale of the stock herein authorized is reasonably required by the Bacon Service Corporation;

It is hereby ordered, that M. W. Bacon, doing business under the fictitious name of the Kings River Stage and Transportation Company, be and he is hereby authorized to transfer the operative rights granted under the applications to which reference is made in the preceding opinion to the Bacon Service Corporation, subject to the following conditions:

1. M. W. Bacon shall cancel immediately all tariffs and time schedules now on file with the Railroad Commission, such cancellation to be in accordance with the provisions of General Order No. 51, and other regulations of the Railroad Commission.

2. Bacon Service Corporation shall file immediately tariffs and time schedules in its own name, or adopt as its own the tariffs and time schedules heretofore filed with the Railroad Commission by M. W. Bacon, all such tariffs and time schedules to be identical with those heretofore filed by M. W. Bacon.

3. The rights and privileges which are herein authorized to be transferred may not hereafter be discontinued, sold, leased, transferred or assigned unless the written consent of the Railroad Commission to such discontinuance, sale, lease, transfer or assignment has been secured.

4. No vehicle may be operated by Bacon Service Corporation unless such vehicle is owned by the company, or is leased for a specified amount on a trip or term basis, the leasing of the equipment not to include the services of a driver or operator. All employment of drivers or operators of leased cars shall be made on the basis of a contract by which the driver or operator shall bear the relation of an employee of the transportation company.

It is hereby further ordered, that the Bacon Service Corporation be and it is hereby authorized to issue not exceeding \$42,500 par value of its common stock, and not exceeding \$42,500 of its 8 per cent cumulative preferred stock to M. W. Bacon, Oscar F. Bacon and Josie Bacon in exchange for the real and personal properties, free and clear of all encumbrances to which reference is made in the foregoing opinion and in this application.

The authority herein granted to issue stock is subject to the following conditions:

1. Applicant shall keep such record of the issue, sale and delivery of the stock herein authorized and of the disposition of the proceeds as will enable it to file on or before the twenty-fifth day of each month a verified report, as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

2. The authority to issue stock and transfer properties will become effective upon the date of this order. No stock may be issued, sold or delivered under such authority after July 1, 1924.

Dated at San Francisco, California, this seventh day of May, 1924.

DECISION No. 13533.

IN THE MATTER OF THE APPLICATION OF THE EAST BAY WATER COMPANY, A CORPORATION, FOR AN ORDER AUTHORIZING THE ISSUE OF CLASS A SIX PER CENT CUMULATIVE PREFERRED STOCK.

Application No. 9984.

Decided May 8, 1924.

McKee, Tasheira and Wahrhaftig, by *Arthur Tasheira*, for Applicant.

BY THE COMMISSION.

OPINION.

East Bay Water Company asks permission to issue and sell \$208,300 par value of its Class "A" stock to refund sinking fund payments and to pay for extensions, additions and betterments to its properties.

Applicant reports that it has paid during January, 1924, to the trustees under its deeds of trust for sinking fund purposes the sum of \$149,737 as follows:

Wells Fargo Bank and Union Trust Company-----	\$145,678 00
Mercantile Trust Company of California-----	4,059 00
Total-----	\$149,737 00

It is of record that through the sinking fund payments, \$145,000 of first mortgage bonds and \$4,500 of unifying and refunding mortgage bonds have been redeemed. The company asks permission to issue such an amount of Class "A" stock as at 85 will net \$149,737. We do not believe that the company, for the purpose of refunding sinking fund payments, should issue stock in excess of the face value of the bonds redeemed. The order therefore will authorize the company to issue \$149,500 of Class "A" stock and use the proceeds obtained from the sale of such stock to reimburse the company's treasury because of sinking fund payments.

The proceeds obtained from the sale of \$58,800 of stock shall be used by the company to pay the cost of extensions, additions and betterments to its plants and properties.

ORDER.

East Bay Water Company having applied to the Railroad Commission for permission to issue \$208,300 par value of its Class "A" 6 per cent preferred stock, a public hearing having been held before Examiner Fankhauser and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for through the issue of such stock is reasonably required by applicant and that this application should be granted, as herein provided; therefore,

It is hereby ordered, that the East Bay Water Company be and it is hereby authorized to issue and sell on or before December 15, 1924, at

not less than \$85 per share, 2083 shares (\$208,300 par value) of its Class "A" 6 per cent cumulative preferred stock.

The authority herein granted is subject to further conditions as follows:

1. The proceeds obtained from the sale of \$149,500 of stock may be used by applicant to reimburse its treasury on account of income expended for sinking fund payments.

2. The remainder of the proceeds obtained from the sale of the stock shall be used by applicant to pay part of the cost of the Upper San Leandro Development or to pay such cost of other extensions, additions and betterments to its plants and properties as are properly chargeable to fixed capital accounts under the uniform system of accounts prescribed by the Railroad Commission.

3. Applicant shall keep such record of the issue, sale and delivery of the stock herein authorized and of the disposition of the proceeds as will enable it to file on or before the twenty-fifth day of each month a verified report, as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

4. The authority herein granted will become effective upon the date hereof.

Dated at San Francisco, California, this eighth day of May, 1924.

DECISION No. 13534.

IN THE MATTER OF THE JOINT APPLICATION OF THE CITIZENS LAND AND WATER COMPANY, A CORPORATION, AND THE CITY OF UPLAND FOR AN ORDER AUTHORIZING THE SALE AND PURCHASE OF A WATERWORKS SYSTEM.

Application No. 9928.

Decided May 8, 1924.

Chas. P. Fuller, for Citizens Land and Water Company.
Swing and Wilson, by *Fred A. Wilson*, for City of Upland.

BY THE COMMISSION.

OPINION.

In the above entitled proceeding the Citizens Land and Water Company, a corporation, asks authority to sell its public utility water system to the city of Upland, which joins in the application.

A public hearing in this matter was held before Examiner Williams at Los Angeles, after due notice thereof had been given so that all interested parties might appear and be heard.

The testimony shows that the residents of the city of Upland at a special election voted bonds and authorized the sale of the same for the purpose of purchasing the water systems which now supply con-

sumers in and in the vicinity of the city of Upland. In accordance with this action an agreement was entered into by which the city agrees to take over the entire water system of the Citizens Land and Water Company and assume its public utility obligations, both within and outside the corporate limits of the city. It developed, however, that the actual transfer of operations of the water system took place on January 1, 1924, without the authorization of this Commission, and since that date the city of Upland has demanded of thirty-one consumers outside the city limits a rate of approximately \$1 per month in excess of the authorized rate of the utility accepted for filing by the Railroad Commission.

Section 51 (a) of the Public Utilities Act provides, among other things, that no water corporation "shall henceforth sell, lease, assign, mortgage, or otherwise dispose of, or encumber the whole or any part of its * * * mains, plant or system necessary or useful in the performance of its duties to the public * * * without first having secured from the Commission an order authorizing it to do so." Sections 15, 19 and 63 (a) of the Public Utilities Act specifically forbid any change in rates without the proper sanction of this Commission. By giving possession and control of its property to the city of Upland, the Citizens Land and Water Company permitted certain of its consumers to be placed at a disadvantage as to rates and permitted increased charges, contrary to law. It is therefore evident that any charges for water service other than those accepted for filing with this Commission were contrary to the plain provisions of the law. It is, however, recognized that it will be to the best interests of a majority of the consumers if this application is granted and those consumers residing outside of the city limits may enjoy the rates and privileges of municipal operation and ownership through annexation to the city.

No one appeared to protest the granting of this application nor has there been any protest made by those consumers who have paid an unauthorized rate since January 1, 1924. It is, however, one of the duties of this Commission to protect consumers against discriminatory rates and the granting of this application will be authorized only upon proper showing by the Citizens Land and Water Company that all charges, over and above the rate authorized and accepted for filing by this Commission, have been refunded.

The consideration of this transfer is \$75,683, which includes all public utility property of the Citizens Land and Water Company except one parcel of nonoperative property.

ORDER.

Citizens Land and Water Company, a corporation, having made application for authority to transfer to the city of Upland its water

system supplying consumers in and in the vicinity of Upland, San Bernardino County, and the city of Upland having joined in the application, a public hearing having been held thereon and the matter having been submitted;

It is hereby ordered, that the above entitled application be and the same is hereby granted upon the following conditions and not otherwise:

1. The consideration given for the transfer of this public utility water system shall not be urged before this Commission or any other public body as a finding of value of the property for rate fixing or for any purpose other than the transfer herein authorized.

2. The authority herein granted shall apply to that public utility property particularly described in the application in this proceeding.

3. The within authority to transfer said property shall apply only to such transfer as shall have been made on or before August 31, 1924, and a certified copy of the instrument of conveyance shall be filed with this Commission by the Citizens Land and Water Company, a corporation, within thirty (30) days from the date on which it is executed.

4. Within thirty (30) days from the date of this order Citizens Land and Water Company, a corporation, shall file with this Commission a certified statement indicating the date on which control and possession of the property herein authorized to be transferred was relinquished.

5. The Citizens Land and Water Company, a corporation, shall, within twenty (20) days from the date of this order, refund to all consumers any money collected for water service, for which a charge has been made other than the authorized rate filed with the Railroad Commission, and shall file with the Commission a verified statement showing the name and address of each consumer, the amount charged and collected, the corrected charge, and the amount refunded.

Dated at San Francisco, California, this eighth day of May, 1924.

DECISION No. 13540.

THE WHITE LINES

vs.

JOHN D. O. FREED.

Case No. 1961.

Decided May 8, 1924.

CERTIFICATE—JURISDICTION.—Motor carrier engaged in transportation of eggs under contract with Poultry Producers Association is not exempt from jurisdiction of the Commission.

W. J. Quinn and L. N. Bradshaw, for Complainant.

R. H. McDrew, for Defendant.

Ed Stern, for American Railway Express Company, Intervener.

BY THE COMMISSION.

OPINION.

The White Lines, a corporation, complainant above named, complains of defendant John D. O. Freed and alleges in substance and effect that said defendant is now and at all times mentioned in said complaint has been operating automobile trucks in the transportation of eggs, at least twice weekly, on the public highway between Modesto and Oakland; that such operation is being conducted without any certificate of public convenience and necessity having been obtained from this Commission as required by the statutory law. Complainant prays for an order of this Commission directing said defendant to discontinue and refrain from the transportation of said freight and property for compensation between Modesto and Oakland over and along the said public highway between said cities.

John D. O. Freed, said defendant, appeared in said action and denied that he is or was at any time mentioned in the said complaint engaged in the transportation of property as a common carrier for compensation between Modesto and Oakland over the said public highway, and alleges further that he has been operating auto trucks in the transportation of property, to wit, eggs, under a private contract with the Poultry Producers of Central California, a cooperative marketing organization incorporated under the laws of the State of California; and alleges further that this Commission has no jurisdiction over the said defendant in that the defendant is not carrying on the business of a public utility or a transportation company as contemplated in the Auto Stage and Truck Transportation Act of the State of California; and, further, that no certificate of public convenience and necessity is required of said defendant by virtue of the provisions of chapter 310 of the Statutes of 1923 relating to the movement of farm products.

A public hearing was conducted by Examiner Satterwhite at Stockton, the matter was duly submitted following the receipt of briefs by the said Poultry Producers of Central California as intervener in said proceedings and from counsel for said complainant, and is now ready for decision.

The record in this proceeding shows, both by testimony received at the hearing and by stipulation of said parties, that the defendant, John D. O. Freed, is now and at all times mentioned in said complaint was hauling eggs at least twice weekly from the warehouse of the A. B. Shoemaker Company in Modesto to the warehouse of the said Poultry Producers of Central California in Oakland, by virtue of the terms of a written contract with said Poultry Producers Association, for the transportation of said eggs for the association and its members.

The defendant has never transported any other merchandise to or from Modesto or Oakland during the times mentioned, except eggs, which were the property of the various members of the said Poultry Producers Association prior to their delivery to said association. It appears that the members of the association, who are mostly farmers, haul their own eggs from their farms to the Shoemake warehouse at Modesto, where they are picked up by the defendant and carried directly to the warehouse of the association in Oakland. The eggs of the producers, in the haul from their farms to the warehouse at Modesto, are in their possession and control. Upon reaching Modesto the producer obtains a receipt for the eggs delivered and the eggs then pass into the possession and control of the Poultry Producers Association. All of the eggs which are hauled by the defendant under his contract with the association are produced by the members of the association and these eggs are brought to the warehouse of the A. B. Shoemake Company for the purpose of securing a sufficiently large volume of eggs to justify economical transportation. It was shown that the service rendered by Freed under his private contract with the association is a little more satisfactory than the service of said complainant, White Lines, on account of the smaller breakage in transit and on account of the saving of twenty-four hours time in delivery.

The record shows that the Poultry Producers of Central California, in accordance with its sale agreement with all its members, comes into actual possession and control of the eggs of its members when they are delivered to the warehouse at Modesto and the association acts as the agent of the various members in paying the defendant all the transportation charges.

The White Lines is an authorized common carrier of freight between Modesto and Stockton under certificate from this Commission and at all times mentioned in the complaint it appears was ready, willing and able to transport the eggs which are being carried by the said defendant under his contract with the Poultry Producers of Central California from the Shoemake warehouse in Modesto to Oakland.

The Auto Stage and Truck Transportation Act of California, chapter 213, Statutes of 1917, and amendments thereto, defines a transportation company as follows:

Section 1, subsection (c)—

The term "transportation company," when used in this act, means every corporation or person, their lessees, trustees, receivers or trustees appointed by any court whatsoever, owning, controlling, operating or managing, any automobile, jitney bus, auto truck, stage or auto stage used in the business of transportation of persons or property, or as a common carrier, for compensation, over any public highway in this state between fixed termini or over a regular route, and not operating exclusively within the limits of an incorporated city or town or of a city and county; *provided*, that the term "transportation company," as used in this act, shall not include corporations or persons, their lessees, trustees, receivers or trustees appointed by any court whatsoever, in so far as they own, control, operate or manage taxicabs, hotel

busses or sightseeing busses, or any other carrier which does not come within the term "transportation company" as herein defined.

Section 5 of this act was amended at the last session of the legislature (chapter 310, Statutes 1923) and reads in part as follows:

Each application for a certificate of public convenience and necessity or for an order authorizing the sale, leasing, assignment or transfer of an existing operative right, privilege, franchise or permit made under the provisions of this section must be accompanied by a fee of fifty dollars; *provided, however*, the movement of products or implements of husbandry and other farm necessities from farm to farm or from and to farm to and from loading point, warehouse or other initial point shall not be subject to the regulations of this act.

We are clearly of the opinion that under said subsection (c) of section 1 the operations of said defendant constitute those of a transportation company for compensation as defined by this section. We are also satisfied that in accordance with the provisions of section 5 above quoted the operations of said defendant as disclosed by the record in this proceeding do not fall within the exemption allowed for the movement of farm products.

After a careful consideration of all the evidence in this case, the Commission is of the opinion and hereby finds as a fact that the transportation of property, to wit, eggs, by auto truck by said defendant, John D. O. Freed, between Modesto and Oakland over the public highway between said cities is an auto truck operation for compensation over a regular route and between fixed termini, for which no certificate of public convenience and necessity has been applied for or granted by this Commission; and that the operation of said defendant over the highway between Modesto and Oakland is in violation of the provisions of the statutory law.

ORDER.

A public hearing having been held in the above entitled proceeding, the matter having been duly submitted on the filing of briefs by counsel, the Commission being now fully advised in the premises, hereby finds as a fact that said defendant, John D. O. Freed, has been and now is engaged in the operation of auto trucks over the public highway for compensation, between fixed termini and over a regular route; that said defendant has not obtained from this Commission a certificate declaring that public convenience and necessity require such operation; and basing its conclusions upon the said findings of fact and upon the additional findings and statements contained in the foregoing opinion, the Railroad Commission hereby concludes that the said operation should be discontinued pending the securing of a certificate as provided by chapter 213, Statutes of 1917, as amended; and

It is hereby ordered, that said defendant, John D. O. Freed, be and he is hereby directed to discontinue and refrain from the transportation

of property, to wit, eggs, for compensation, between Modesto and Oakland over and along the said public highway between the said cities.

It is hereby further ordered, that the secretary of this Commission be and he is hereby directed to serve or cause to be served by registered mail upon said defendant, John D. O. Freed, a duly certified copy of this order.

It is hereby further ordered, that the secretary of this Commission be and he is hereby directed to forward to the district attorneys of the counties in which such operations have been carried on a duly certified copy of this order.

Dated at San Francisco, California, this eighth day of May, 1924.

DECISION No. 13543.

IN THE MATTER OF THE APPLICATION OF EAST BAY WATER COMPANY, A CORPORATION, FOR AN ORDER AUTHORIZING THE ISSUE OF BONDS AND STOCK OR NOTES.

Application No. 9571.

Decided May 9, 1924.

BY THE COMMISSION.

THIRD SUPPLEMENTAL ORDER.

The Railroad Commission by Decision No. 13117, dated February 4, 1924, as amended by Decision No. 13233, dated March 1, 1924, authorized East Bay Water Company to issue and sell \$2,000,000 of its Series "C" unifying and refunding mortgage bonds, and \$800,000 of its Class "A" 6 per cent cumulative preferred stock.

The authority granted by the Commission permits the company to use the proceeds obtained from the sale of the bonds and stock for the purpose of paying in part the cost of acquiring the properties necessary for the Upper San Leandro Project or paying in part the cost of constructing such Upper San Leandro Project or for such other purposes as the Commission might authorize in supplemental orders.

In a supplemental petition filed in the above entitled matter on April 17, 1924, and in exhibits attached thereto, the company reports that during the year ending December 31, 1922, it expended for construction purposes the sum of \$825,383.35; and during the year ending December 31, 1923, the sum of \$1,168,706.13. In addition, it estimates that during the year 1924 it will be called upon to expend \$987,000 for general construction expenditures, exclusive of the Upper San Leandro Project. The sum of the expenditures, actual or estimated, is \$2,981,089.48. From this amount applicant deducts \$320,000 representing credits to the reserve for accrued depreciation during 1922 and 1923;

\$177,828.59 obtained from the sale of land; and \$1,016,000 representing proceeds from the sale of securities heretofore authorized by the Commission. Making these deductions, there remains the sum of \$1,467,260.89, which applicant reports has not been paid or provided for through the issue of stock or bonds. We are of the opinion that there should be deducted from the \$1,467,260.89 the 1924 credits to the reserve for accrued depreciation. We will assume that such credits will amount to \$160,000.

The company will be authorized to use the proceeds from \$980,500 of bonds and the proceeds from \$326,800 of stock (instead of \$1,100,250 of bonds and \$367,010.98 of stock respectively) to finance in part the expenditures which are described in some detail in schedules Nos. 1, 2 and 4 attached to the supplemental petition.

It is hereby ordered, that the order in Decision No. 13117, dated February 4, 1924, as amended by Decision No. 13233, dated March 1, 1924, as amended, be and it is hereby further amended so as to permit East Bay Water Company to use the proceeds from the sale of \$980,500 of the bonds and from the sale of \$326,800 of stock authorized by those decisions to finance in part the cost of the additions and betterments referred to herein, provided that only such additions and betterments as are properly chargeable to capital account, as defined by the uniform system of accounts prescribed by the Commission, may be financed with such proceeds.

It is hereby further ordered, that the order in Decision No. 13117, dated February 4, 1924, and the order in Decision No. 13233, dated March 1, 1924, as amended, shall remain in full force and effect, except as modified by this third supplemental order.

Dated at San Francisco, California, this ninth day of May, 1924.

DECISION No. 13544.

IN THE MATTER OF THE APPLICATION OF PIRU OIL AND LAND COMPANY, A CORPORATION, FOR LEAVE TO SELL THE WATER SYSTEM OWNED BY IT AND OPERATED FOR SUPPLYING DOMESTIC WATER TO THE TOWN OF PIRU, IN VENTURA COUNTY, CALIFORNIA.

Application No. 9972.

Decided May 12, 1924.

Ward Chapman and L. M. Chapman, by Ward Chapman, for Piru Oil and Land Company, Applicant.
Robert M. Clark, for Hugh Warring, Applicant.

BY THE COMMISSION.

OPINION.

In the above entitled application the Piru Oil and Land Company, a corporation, asks authority to transfer its public utility water system

supplying domestic water to residents in and in the vicinity of the town of Piru, Ventura County, to Hugh Warring, who joins in the application.

A public hearing in this matter was held before Examiner Williams at Los Angeles, after due notice thereof had been given so that all interested parties might appear and be heard.

The testimony shows that the Piru Oil and Land Company has contracted to sell to Hugh Warring substantially all its remaining property holdings in the vicinity of the town of Piru, and intends to cease active business operations in that locality. It is therefore desirous of being relieved of further public obligation to supply water to its consumers and desires to transfer the entire water system to Hugh Warring.

Mr. Warring is one of the pioneers of Piru and has extensive property holdings in that vicinity. The testimony indicates that he is financially responsible and competent to take over and operate the water system and assume the public utility obligations now imposed upon the Piru Oil and Land Company.

No one appeared to contest the granting of this application and it is apparent that the best interests of the consumers will be in no way affected by the proposed transfer and that authority therefor should be granted.

ORDER.

Piru Oil and Land Company, a corporation, having made application for authority to transfer to Hugh Warring a certain water system supplying water to consumers in and in the vicinity of the town of Piru, Ventura County, and Hugh Warring having joined in the application, a public hearing having been held thereon, and the matter having been submitted;

It is hereby ordered, that the above entitled application for transfer be and the same is hereby granted upon the following conditions and not otherwise:

1. The consideration given for the transfer of the public utility water system shall not be urged before this Commission or any other public body as a finding of value of the property for rate fixing or for any purpose other than the transfer herein authorized.
2. The authority herein granted shall apply only to such transfer as shall have been made on or before October 31, 1924, and a certified copy of the instrument of conveyance shall be filed with this Commission by Piru Oil and Land Company, a corporation, within thirty (30) days from the date on which it is executed.
3. Within ten (10) days from the date on which Piru Oil and Land Company, a corporation, actually relinquishes control and possession of the property herein authorized to be sold, it shall file with this

Commission a certified statement indicating the date on which such control and possession was relinquished.

4. The authority hereby granted shall apply to the public utility property particularly described in the application herein.

Dated at San Francisco, California, this twelfth day of May, 1924.

DECISION No. 13545.

IN THE MATTER OF THE APPLICATION OF SOUTHERN COUNTIES GAS COMPANY OF CALIFORNIA TO SELL TO THE CITY OF LONG BEACH, A MUNICIPAL CORPORATION, ITS GAS DISTRIBUTING SYSTEM IN THE CITY OF LONG BEACH AND CONTIGUOUS UNINCORPORATED TERRITORY.

Application No. 9991.

Decided May 13, 1924.

LeRoy M. Edwards, for Applicant.

BRUNDIGE, Commissioner.

OPINION.

Southern Counties Gas Company of California applies for authority to sell its gas distributing system in Long Beach and contiguous unincorporated territory to the city of Long Beach.

For several years applicant has maintained this distributing system and supplied gas to consumers in the city and adjacent territory. With the development of the Signal Hill oil field a large supply of natural gas became available, part of it coming from wells drilled upon property owned by the city. The people of Long Beach have voted bonds for the purpose of acquiring a distribution system for the distribution of this gas and as a result of negotiations a tentative agreement was reached for the sale to the city of the gas distribution system of Southern Counties Gas Company of California.

On December 13, 1923, Southern Counties Gas Company of California filed with this Commission its application No. 9604 requesting authority to transfer certain property to the city of Long Beach, but differences arose between the parties before the agreement was finally completed. Negotiations were resumed and on April 18, 1924, the company filed the present application, No. 9991, superseding Application No. 9604, and requesting authority to transfer slightly different property to the city under terms and conditions differing somewhat from those set forth in the previous application. Application No. 9604 was accordingly dismissed by Decision No. 13504, dated May 1, 1924.

The evidence in the present proceeding shows that Southern Counties Gas Company of California has agreed to transfer to the city of Long Beach its distribution system in the city and adjacent territory as more particularly described in Exhibit "A" attached to the application,

for the sum of \$2,170,000 in cash, payable upon delivery. The agreement provides that the company is to retain and continue to operate certain natural gas transmission lines through the city and appropriate provisions cover the company's contracts for the purchase of gas from producers, the disposition of miscellaneous supplies and equipment and other matters incidental to the transfer of the system as a whole.

This appears to be a matter in which the duty of this Commission is to protect the interests of ratepayers upon other portions of the company's system rather than to interfere in any way in a transaction which is mutually agreeable to the company and to the city. It may well be noted that, although a public hearing was held in Los Angeles and notice thereof duly published, no one appeared to protest against the transfer as proposed.

I recommend the following form of order which authorizes the transfer of the property upon the terms and under the conditions proposed and further provides certain requirements that appear necessary to enable this Commission to protect the interests of consumers upon other portions of the company's system.

ORDER.

Southern Counties Gas Company of California having applied to the Railroad Commission for authority to sell and transfer to the city of Long Beach the properties described in Exhibit "A" attached to the application herein, upon the terms and under the conditions set forth in said Exhibit "A," a public hearing having been held, the matter being submitted and now ready for decision;

It is hereby ordered, that

(1) Southern Counties Gas Company of California be and it is authorized to transfer to the city of Long Beach its gas-distributing system in said city of Long Beach and contiguous unincorporated territory as said system is more particularly described in Exhibit "A" attached to the application herein, under the terms and upon the conditions set forth in said Exhibit "A."

(2) Before expending any of the proceeds of this sale deposited with the authenticating trustee under its mortgage of May 1, 1916, Southern Counties Gas Company of California shall secure from this Commission a supplemental order authorizing the proposed expenditures.

(3) On or before August 15, 1924, Southern Counties Gas Company of California shall file with this Commission a certified copy of the instrument by means of which the transfer herein authorized is made and a copy of journal entries in connection with such transfer.

(4) The authority herein granted will become effective from the date hereof and shall cover only such transfer as shall be made on or before July 15, 1924.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this thirteenth day of May, 1924.

DECISION No. 13552.

IN THE MATTER OF THE APPLICATION OF JENNINGS-NIBLEY WAREHOUSE COMPANY FOR AN ORDER AUTHORIZING ISSUE OF ITS CAPITAL STOCK.

Application No. 10035.

Decided May 16, 1924.

Schwitzer and Hutton, by F. C. Stevens, for Applicant.

BY THE COMMISSION.

ORDER.

In this application Jennings-Nibley Warehouse Company asks permission to issue and sell, at par for cash, \$50,000 of its capital stock for the purpose of establishing its business, purchasing equipment and providing working capital.

The application shows that Jennings-Nibley Warehouse Company was organized on or about January 18, 1924, with an authorized capital stock of \$50,000, divided into 500 shares of the par value of \$100 each, all shares being common. It appears that the corporation was formed for the purpose of engaging in the general warehousing business in Los Angeles and to this end has leased a three-story brick building at 440 Seaton street, which has an available floor space of about 180,000 square feet. Applicant reports that it must expend approximately \$5,000 for scales, trucks and other equipment; approximately \$5,000 for elevators; and approximately \$6,000 to construct a spur track to connect the lines of the Southern Pacific. It also reports that it may be called upon to expend additional amounts for equipment and alterations to the building. The proceeds from the sale of stock not needed for the foregoing purposes will be used for working capital.

Jennings-Nibley Warehouse Company having applied to the Railroad Commission for permission to issue and sell \$50,000 of stock, a public hearing having been held before Examiner Williams, and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for through such issue and sale of stock is reasonably required by applicant, and that the expenditures herein authorized are not in whole, or in part, reasonably chargeable to operating expenses or to income;

It is hereby ordered, that Jennings-Nibley Warehouse Company be and it is hereby authorized to issue and sell for cash at not less than par on or before December 31, 1924, \$50,000 of its capital stock and to

use the proceeds for the purpose of acquiring property, constructing additions and betterments and for working capital, all as set forth in the preceding opinion and in this application.

The authority herein granted is subject to further conditions as follows:

1. Applicant shall keep such record of the issue, sale and delivery of the stock herein authorized and of the disposition of the proceeds as will enable it to file on or before the twenty-fifth day of each month a verified report, as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

2. The authority herein granted will become effective upon the date hereof.

Dated at San Francisco, California, this sixteenth day of May, 1924.

DECISION No. 13559.

IN THE MATTER OF THE APPLICATION OF COAST VALLEYS GAS AND ELECTRIC COMPANY, A CORPORATION, FOR AN ORDER AUTHORIZING THE CREATION AND ISSUANCE OF PREFERRED STOCK AND THE EXCHANGE AND RETIREMENT OF PRESENT ISSUE OF PREFERRED STOCK.

Application No. 7207.

IN THE MATTER OF THE APPLICATION OF COAST VALLEYS GAS AND ELECTRIC COMPANY, A CORPORATION, FOR AN ORDER AUTHORIZING THE ISSUE OF BONDS OF THE FACE VALUE OF FIVE HUNDRED THOUSAND DOLLARS.

Application No. 9179.

Decided May 16, 1924.

BY THE COMMISSION.

FIRST SUPPLEMENTAL ORDER IN APPLICATION NO. 7207.

SECOND SUPPLEMENTAL ORDER IN APPLICATION NO. 9179.

The Railroad Commission by Decision No. 9789, dated November 23, 1921, in Application No. 7207, authorized Coast Valleys Gas and Electric Company, among other things, to issue and sell \$100,000 of preferred stock; and by Decision No. 12375, dated July 20, 1923, in Application No. 9179, to issue and sell \$500,000 of first mortgage bonds.

The order of the Commission in Decision No. 12375, as amended by Decision No. 13012, permitted the company to use \$324,849 of the proceeds from the sale of the bonds to reimburse the treasury on account of moneys expended for extensions, additions and betterments prior to May 31, 1923, provided that after such reimbursement the moneys be used to pay, in part, the cost of additional construction work. The remaining proceeds from the sale of the bonds may be used only for

such purposes as the Commission might authorize by supplemental order or orders. The order in Decision No. 9789 permitted the company to use the proceeds from the sale of the \$100,000 of stock to finance, in part, the estimated cost of additions and betterments described in Exhibit No. 5, filed in Application No. 7207 on October 17, 1921.

The company has heretofore advised the Commission that its uncanceled construction expenditures as of May 31, 1923, aggregated \$324,849. It now reports that subsequent to June 1, 1923, and prior to March 31, 1924, it expended for additions and betterments the sum of \$302,705, which amount, added to the \$324,849, results in a total of \$627,554. The expenditures making up the \$324,849 are shown in the original application, No. 9179, filed on July 2, 1923, while the expenditures of \$302,705 are shown in some detail in a supplemental petition filed on April 21, 1924. From the \$627,554 the company deducts \$212,809 obtained from the sale of stock and bonds, leaving a balance of \$414,745. A further deduction of \$51,613, representing stock and bond proceeds on hand, is made from the \$414,745, resulting in a balance of \$363,132 to be financed through future sales of stock and bonds.

Reports filed by the company, pursuant to the Commission's General Order No. 24, show that up to February 29, 1924, \$89,400 of the \$100,000 of stock, and \$188,000 of the \$500,000 of the bonds, had been issued. The company asks in the supplemental petition filed with the Commission on April 21, 1924, for permission to use the proceeds from the remaining \$312,000 of bonds and the sale of any other securities that may be sold, up to the total of \$363,132 on account of uncanceled construction expenditures to March 31, 1924. This request will not be granted. The order will permit the company to use the proceeds from the sale of bonds and stock, the issue of which has heretofore been authorized, to finance in whole, or in part, such of the uncanceled construction expenditures to March 31, 1924, as are properly chargeable to fixed capital account under the classification of accounts prescribed by the Commission.

The Commission has given consideration to applicant's request and is of the opinion that it should be granted, only as herein provided, and that the expenditures herein authorized are reasonably required by applicant and are not, in whole, or in part, reasonably chargeable to operating expense or to income; therefore,

It is hereby ordered, that the order in Decision No. 9789, dated November 23, 1921, and the order in Decision No. 12375, dated July 20, 1923, as amended by Decision No. 13012, dated January 9, 1924, be and they are hereby amended so as to permit the use by Coast Valleys Gas and Electric Company of the proceeds received, or to be received, from

the sale of the \$100,000 of stock and from the sale of the \$500,000 of bonds authorized by said decisions, to reimburse its treasury and to finance, in part, the cost of additions and betterments made prior to March 31, 1924, provided that only such expenditures as are properly chargeable to capital account under the uniform systems of accounts prescribed by the Commission, may be financed with such proceeds.

It is hereby further ordered, that the time within which Coast Valleys Gas and Electric Company may issue and sell the bonds authorized by Decision No. 12375, dated July 20, 1923, be and the same is hereby extended to and including December 31, 1924.

It is hereby further ordered, that the order in Decision No. 9789, dated November 23, 1921, and the order in Decision No. 12375, dated July 20, 1923, as amended by Decision No. 13012, dated January 9, 1924, shall remain in full force and effect, except as modified by this supplemental order.

Dated at San Francisco, California, this sixteenth day of May, 1924.

DECISION No. 13561.

IN THE MATTER OF THE INVESTIGATION OF GAS RATES, SERVICE
AND OPERATIONS OF CONTRA COSTA GAS COMPANY, ON THE
COMMISSION'S OWN MOTION.

Case No. 1653.

Decided May 16, 1924.

BY THE COMMISSION.

FIFTH SUPPLEMENTAL ORDER.

WHEREAS, in Decision No. 9725 (20 C. R. C. 810), in the above entitled matter, this Commission provided with reference to Schedules Nos. 1 and 3 therein established, that such rates would be subject to increase or decrease upon approval of the Railroad Commission, on the basis of 3 cents per thousand cubic feet for each 10 cents increase or decrease, respectively, in the price of oil above or below the price of \$1.64 per barrel; and

WHEREAS, Contra Costa Gas Company has heretofore filed with the Commission affidavits that the price paid for oil has reached a point of 33 cents per barrel less than the base price heretofore mentioned, and the Commission has in consequence, in Decision No. 13134, authorized gas rates 10 cents per thousand cubic feet less than the basic rate set forth in Decision No. 9725; and

WHEREAS, Contra Costa Gas Company has been purchased by Coast Counties Gas and Electric Company and Schedules Nos. 1 and 3 of Contra Costa Gas Company are now known as Schedules Nos. 7 and 9 of Coast Counties Gas and Electric Company; and

WHEREAS, Coast Counties Gas and Electric Company now makes affidavit that on April 30, 1924, the price paid for oil was increased by 15 cents per barrel to \$1.46 f. o. b. Pittsburg, which is 18 cents per barrel less than the base price upon which rates were established in Decision No. 9725;

It is hereby ordered, that Coast Counties Gas and Electric Company be and it is hereby authorized to increase its rates designated as Schedules Nos. 7 and 9 as determined in Decision No. 13134, effective for all regular meter readings taken on and after May 30, 1924, so that said rates shall be 5 cents per thousand cubic feet less than the basic rates set forth in Decision No. 9725 in Case No. 1653.

It is hereby further ordered, that Coast Counties Gas and Electric Company, in case it elects to exercise this privilege, file with the Commission on or before May 25, 1924, a revision of its schedules as herein authorized.

Dated at San Francisco, California, this sixteenth day of May, 1924.

DECISION No. 13566.

IN THE MATTER OF THE APPLICATION OF ERIKSON NAVIGATION COMPANY, A CORPORATION, FOR CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY TO OPERATE BOATS FOR THE TRANSPORTATION OF PROPERTY (FREIGHT) FOR COMPENSATION, BETWEEN POINTS UPON THE INLAND WATERS OF THE STATE OF CALIFORNIA, AND TO ISSUE STOCK AND PROMISSORY NOTES SECURED BY MORTGAGE.

Application No. 10001.

Decided May 17, 1924.

TRANSPORTATION—FREIGHT BOATS—INLAND WATERS.—Certificate is granted to applicant but is limited to the several boats and barges specified in the Commission's order.

A. E. Stoltz, for Applicant.

Sanborn and Rocht and Delancey C. Smith, by *H. A. Sanborn*, for the Bay Cities Transportation Company.

J. S. P. Dean, for the Bay and River Boat Owners Association.

MARTIN, Commissioner.

OPINION.

The Erikson Navigation Company asks permission to issue \$8,500 of common stock, \$18,500 face value of notes, and execute a mortgage to secure the payment of such notes. The company also asks the Commission to declare that public convenience and necessity requires or will require the company to operate the boats and barges which it intends to acquire, for the transportation of property (freight) for compensation, between all points on San Francisco, Suisun, and San Pablo bays and tributaries and upon all rivers, waterways and sloughs of the Sacramento and San Joaquin valleys, serving the same points or land-

ings as are at present served by the Estate of John Erikson, deceased. The rates to be charged for the service proposed to be given and the rules and regulations governing the same, will be the same as those of the Estate of John Erikson, deceased, now on file with the Railroad Commission.

The Erikson Navigation Company was organized on or about April 9, 1924, with an authorized capital stock issue of \$250,000, divided into 2500 shares of \$100 each. Of this capital stock, 1000 shares are preferred stock and 1500 shares are common stock. The preferred stock, under the articles of incorporation filed in this proceeding, bears cumulative dividends at the rate of 8 per cent per annum; has a preference over the common stock both as to assets and earnings; may be redeemed at the option of the company at \$110 per share and unpaid dividends; and may be converted at the option of the holder into common stock at par. The Commission is not in this proceeding called upon to pass upon the propriety of providing for an 8 per cent cumulative preferred stock under conditions such as are set forth in applicant's present articles of incorporation. Should applicant hereafter ask for permission to issue preferred stock, the Commission will consider such application under the conditions then existing, and if such conditions do not warrant the issue of 8 per cent preferred stock the Commission will not authorize the same, even though applicant's present articles of incorporation provide for such stock. Applicant asks authority to issue \$8,000 par value (80 shares) of its common stock as part payment for the properties which it intends to acquire and further asks permission to issue five (5) shares of this stock to qualify its directors. The five shares should be sold at par and the proceeds used for working capital. The request to issue and sell \$25,000 par value of stock at \$95 per share was withdrawn at the hearing.

There has been filed in this proceeding a copy of an order of the superior court in and for the city and county of San Francisco confirming the sale and transfer to the Erikson Navigation Company of the interest of the Erikson Estate in the following boats: Towboat Erikson No. 15; Barge Pyramid; Montezuma; Albertine; Mildred; H. Eppinger; Crockett; St. Thomas; Barge E-2; Mt. Eden.

The court also approved and confirmed the agreement entered into by and between Christie Erikson, executrix of the Estate of John Erikson, and Lawrence Warehouse Company, dated April 4, 1924, wherein the terms, conditions and payments of the transfer and sale are fully set forth. This agreement is on file with the county clerk of the city and county of San Francisco. It appears from such agreement that Christie Erikson, executrix of the Estate of John Erikson, has agreed to sell the above boats, together with equipment and franchises, for \$33,250, to the Lawrence Warehouse Company. She has further

agreed to organize a corporation known as the Erikson Navigation Company and transfer the boats and business to such corporation in consideration for a mortgage of \$18,250 payable in equal monthly installments of \$500, with interest at 6 per cent per annum, and for such an amount of stock as the Railroad Commission might authorize. Thereafter she agrees to deliver all the stock which the Commission may authorize to the Lawrence Warehouse Company, which agrees to pay her \$14,500 in cash. Should it not be possible for her to deliver full title to all the boats to the Erikson Navigation Company, the Lawrence Warehouse Company may withhold from the \$14,500 cash payment such an amount as the proportionate interest in the boats not delivered bears to the whole value of the respective boats.

There has been filed in this proceeding, as Applicant's Exhibit "A," an estimated reproduction cost new of the equipment, prepared by David W. Dickie, engineer and naval architect. There was also introduced through Thomas L. Tomlinson evidence showing the present value of the equipment.

Name of boat or barge	Cost of replacement by Dickie	Present Value by Tomlinson
Erikson No. 15 (towboat)-----	\$17,500 00	\$6,000 00
Mt. Eden (river towboat)-----	9,000 00	800 00
Mildred (river towboat)-----	2,500 00	750 00
Crockett (one-man freight boat)-----	14,000 00	4,000 00
H. Eppinger (freight boat)-----	18,000 00	6,500 00
Montezuma (power freight boat)-----	10,000 00	3,500 00
Albertine (power freight boat)-----	10,000 00	2,500 00
E-2 (barge)-----	11,000 00	4,500 00
Pyramid (barge shaped like stern wheeler)-----	14,000 00	3,500 00
St. Thomas (scow schooner barge)-----	6,000 00	1,200 00
	<hr/> \$112,000 00	<hr/> \$33,250 00

Mr. Dickie was not called as a witness by applicant. Mr. Tomlinson was of the opinion that the cost to reproduce the equipment would be from 30 to 50 per cent higher than the present value of the equipment.

The Erikson Estate is said to own a $\frac{7}{12}$ interest in the gasoline steamer "H. Eppinger;" a $\frac{2}{3}$ interest in the gasoline steamer "Crockett;" a $\frac{1}{2}$ interest in the gasoline steamer "Montezuma;" a $\frac{9}{12}$ interest in the gasoline steamer "Albertine;" and a $\frac{1}{2}$ interest in the barge "St. Thomas." The record shows that it owns full title to the other boats, namely: Barge "E-2," barge "Pyramid," towboat "Mt. Eden," towboat "Mildred" and towboat "E-15."

There has been filed (Exhibit "C") in this proceeding a copy of the proposed mortgage which the Erikson Navigation Company asks permission to execute. The mortgage filed is in blank form, but it is of record that all of the equipment which the Erikson Navigation Company intends to purchase will be covered by the mortgage. The company will be required to file with the Commission, as soon as executed, a certified copy of the mortgage.

Reports filed with the Railroad Commission show that during 1922, the Estate of John Erikson, as a result of operating boats and barges, had an operating revenue of \$64,119.22 and for 1923, operating revenues of \$76,913.69. Operating expenses for 1922 are reported at \$59,955.55 and for 1923 at \$71,716.09. The net operating revenues for 1922 amount to \$4,153.67 and for 1923 to \$5,197.60.

I herewith submit the following form of order:

ORDER.

The Erikson Navigation Company, having applied to the Railroad Commission for permission to operate boats, issue stock, and a note, and execute a mortgage, a public hearing having been held and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for by the issue of the stock and notes herein authorized is reasonably required by applicant and that this application should be granted as provided in this order; therefore:

The Railroad Commission of the State of California hereby declares that present and future public convenience and necessity require the operation by the Erikson Navigation Company of only such boats and barges as are hereinafter specifically set forth, for the transportation of freight, for compensation, between all points on San Francisco, San Pablo and Suisun bays and tributaries and upon all rivers, waterways and sloughs of the Sacramento and San Joaquin valleys serving the same points or landings as are at present served by the Estate of John Erikson, deceased, the rates to be charged for such service and the rules and regulations governing the same to be the same as those of the Estate of John Erikson, deceased, now on file with the Railroad Commission. The boats and barges which the Erikson Navigation Company may operate under the authority herein granted are as follows:

Towboat "Erikson No. 15," 110 horsepower gas engine; gross tons, 13; net tons, 10.

Towboat "Mt. Eden," 80 horsepower gas engine; gross tons, 12.16; net tons, 8.27.

Towboat "Mildred," 30 horsepower gas engine.

Gasoline steamer "Crockett," 25 horsepower gas engine; gross tons, 62; net tons, 52.

Gasoline steamer "H. Eppinger," 35 horsepower gas engine; gross tons, 96; net tons, 71.

Gasoline steamer "Montezuma," 85 horsepower gas engine; gross tons, 73.3; net tons, 69.24.

Gasoline steamer "Albertine," 50 horsepower gas engine; gross tons, 50.74; net tons, 48.21.

Barge "E-2," length, 110 feet; beam, 30 feet; depth, 7 feet, 6 inches.

Barge "Pyramid," length over all, 160 feet; beam moulded, 37 feet; depth moulded, 6 feet.

Scow schooner barge "St. Thomas," length, 71.4 feet; beam, 25 feet; depth, 5.5 feet; gross tons, 62.47; net tons, 59.36.

It is hereby ordered, that the Erikson Navigation Company be and it is hereby authorized to execute a mortgage substantially in the same form as the mortgage filed in this proceeding and marked Exhibit "C," provided that the authority herein granted to execute said mortgage is for the purpose of this proceeding only and is granted in so far as this Commission has jurisdiction under the terms of the Public Utilities Act, and is not intended as an approval of said mortgage as to such other legal requirements to which said mortgage may be subject.

It is hereby further ordered, that the Erikson Navigation Company be and it is hereby authorized to issue not exceeding \$8,500 of common stock and a note in the sum of not exceeding \$18,500 secured by the aforesaid mortgage in payment for the boats, barges and equipment which Christie Erikson, executrix of the Estate of John Erikson, has agreed to transfer to the Erikson Navigation Company, and to provide itself with working capital.

The authority herein granted is subject to further conditions as follows:

1. Applicant shall file within a period of not to exceed thirty days from the date hereof its formal acceptance of the certificate herein granted.

2. Within fifteen days after the execution of the mortgage herein authorized to be executed, applicant shall file with the Commission a certified copy of such mortgage.

3. Applicant shall keep such record of the issue, sale and delivery of the stock and notes herein authorized and of the disposition of the proceeds as will enable it to file on or before the twenty-fifth day of each month a verified report, as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

4. The authority herein granted will become effective when applicant has paid the minimum fee prescribed by section 57 of the Public Utilities Act, which fee amounts to \$25.

5. Under the authority herein granted applicant shall commence service within ninety days after the date hereof. No stock or note may be issued or delivered after ninety days from the date of this order.

It is hereby further ordered, that this application in so far as it involves the issue of \$25,000 of stock be and the same is hereby dismissed without prejudice.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this seventeenth day of May, 1924.

DECISION No. 13586.

IN THE MATTER OF THE APPLICATION OF SOUTHERN CALIFORNIA WAREHOUSE AND DISTRIBUTING COMPANY, A COPARTNERSHIP, TO SELL ITS BUSINESS, AND OF PACIFIC-SOUTHWEST WAREHOUSE COMPANY, A CORPORATION, TO PURCHASE SAID BUSINESS, AND FOR AN ORDER AUTHORIZING THE ISSUE OF STOCK BY SAID CORPORATION.

Application No. 8803.

Decided May 21, 1924.

E. E. Bennett, for Applicant.

BY THE COMMISSION.

SECOND SUPPLEMENTAL OPINION.

In a supplemental application filed in the above entitled matter on May 1, 1924, Pacific-Southwest Warehouse Company asks permission to issue and sell \$100,000 of its 8 per cent cumulative preferred stock for the purpose of paying indebtedness and of providing working capital.

A public hearing on the supplemental application was held before Examiner Williams in Los Angeles.

The record in this proceeding shows that applicant was organized on or about February 20, 1923, with an authorized capital stock of \$250,000, divided into 2500 shares of the par value of \$100 each, all shares being common. By Decision No. 11953, dated April 24, 1923, as amended by Decision No. 12587, dated September 7, 1923, the company was authorized to issue \$80,000 of stock in part payment for the properties of R. L. Bowman, E. C. Chandler and P. C. Sinclair, who were doing business under the firm name and style of Southern California Warehouse and Distributing Company, and to issue and sell \$50,000 of stock at not less than 90 per cent of par value for the purpose of paying outstanding indebtedness of \$12,500, of making additions, alterations and improvements and of providing working capital.

Pursuant to such authority, applicant reports that it has issued the \$80,000 of stock, as authorized by the Commission, and has issued and

sold \$15,800 of the \$50,000 of stock. The time within which the remaining \$34,200 of stock might be issued and sold terminated on March 31, 1924. The company has now advised the Commission that it does not, at this time, desire to issue any additional common stock, but has concluded to issue and sell \$100,000 of preferred stock. It reports that recently its articles of incorporation have been amended so as to provide for an issue of \$250,000 of common stock and \$150,000 of preferred stock. The preferred stock bears cumulative dividends at the rate of 8 per cent per annum and participates with the common stock in the earnings of the company up to 10 per cent per annum. At the option of the company the preferred stock is redeemable on any dividend payment date after two years from the date of payment of the first dividend on such stock at 110 per cent of par value.

Pacific-Southwest Warehouse Company is engaged primarily in storing automobiles in Los Angeles, having commenced operations on March 1, 1923. The revenues and expenses of the business for the twelve months ending December 31, 1923, including two months operations by Southern California Warehouse and Distributing Company, are reported as follows:

Operating revenues -----		\$119,663 55
Operating expenses -----	\$90,238 10	
Depreciation -----	4,993 63	
		<hr/> 95,231 73
Net operating revenues -----		\$24,431 82
Interest -----	\$4,722 97	
Miscellaneous losses -----	135 80	
		<hr/> 4,858 77
Net profit for year -----		\$19,573 05

The record in this proceeding shows that applicant has acquired from Los Angeles and Salt Lake Railroad Company a twenty-five year non-cancelable lease dating from October, 1921, for the lot upon which two brick warehouse buildings are located, which contain about 78,000 square feet available for storage. The company reports that because of increased business it has been compelled to lease five additional warehouses in the city of Los Angeles, containing in the aggregate 52,375 square feet, at a monthly rental of \$2,075. Applicant now reports that it has been decided to construct two additional stories on one of its warehouse buildings, which will give approximately 75,000 additional square feet and will enable applicant to terminate its leases of the five additional warehouses. Applicant estimates that the construction of the two additional stories will result in a saving in operation of about \$10,500 a year.

The application shows that the proposed construction work will cost about \$85,000. Of this amount \$17,000 is to be paid when construction

starts and \$10,200 annually thereafter. The company asks permission to use \$17,000 of the proceeds from the sale of the \$100,000 of stock now applied for, to make the initial payment on the new construction, \$20,400 to pay two installments, \$12,500 to pay the indebtedness referred to in Decision No. 12587, approximately \$14,000 to pay moneys used for freight advances, approximately \$575 to pay the cost of constructing a spur track and the remaining proceeds for working capital.

The company proposes to sell its stock at par but to use of the proceeds an amount not exceeding 20 per cent of the par value of the stock sold to pay commissions. After reviewing the record and financial statements on file with the Commission, we believe that applicant should not be allowed to use an amount in excess of 10 per cent of the par value of stock sold to pay commissions, or other expenses incident to the sale of such stock.

SECOND SUPPLEMENTAL ORDER.

Pacific-Southwest Warehouse Company having applied to the Railroad Commission for permission to issue and sell \$100,000 of its 8 per cent cumulative preferred stock, a public hearing having been held and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for through the issue and sale of such stock is reasonably required by applicant, and that the expenditures herein authorized are not in whole or in part reasonably chargeable to operating expense or to income;

It is hereby ordered, that Pacific-Southwest Warehouse Company be and it is hereby authorized to issue and sell on or before April 30, 1925, \$100,000 of its 8 per cent cumulative preferred stock.

The authority herein granted is subject to further conditions as follows:

1. Applicant shall sell its stock for cash at not less than par, but may use of the proceeds an amount equivalent to 10 per cent of the par value of stock sold to pay commissions and other expenses incident to the sale of the stock. The remaining proceeds and such portion of the 10 per cent not needed to pay commissions and selling expenses shall be used to pay indebtedness, provide the cost of construction work and for working capital, as indicated in the foregoing opinion and in this proceeding.

2. Applicant shall keep such record of the issue, sale and delivery of the stock herein authorized and of the disposition of the proceeds as will enable it to file on or before the twenty-fifth day of each month a verified report, as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

3. The authority herein granted shall become effective upon the date hereof.

Dated at San Francisco, California, this twenty-first day of May, 1924.

DECISION No. 13592.

HENRY F. COLMAN

vs.

CITY OF MONTEBELLO, A MUNICIPAL CORPORATION; FRED CEATTY, TRUMAN COLE, GEORGE WILBUR, WM. D. STEPHENS AND F. H. OLDS, TRUSTEES OF THE CITY OF MONTEBELLO.

Case No. 1884.

Decided May 24, 1924.

BY THE COMMISSION.

OPINION.

This is a proceeding dealing with the operation of auto stages as a common carrier by the city of Montebello, a city of the sixth class, over certain public highways outside the corporate limits of the city. The complaint alleges, in effect, that the city of Montebello has established and is now engaged in the operation of an auto stage line for the transportation of persons for compensation over the public highways between the city of Montebello and the intersection of Whittier boulevard and Pasadena avenue, which is outside of, and a considerable distance from, the corporate limits of the city of Montebello; that the operation of this stage line was commenced subsequent to May 1, 1917, and without first obtaining a certificate of public convenience and necessity from the Railroad Commission as required by the provisions of the regulatory statute (Statutes 1917, chapter 213 as amended), and that no schedule of rates, time schedules, rules and regulations have been filed with the Railroad Commission as required by the provisions of the statutes and by section 22 of article XII of the constitution. It is further alleged that the failure of the city to operate this stage line under the jurisdiction of the Railroad Commission, and in accordance with the regulatory provisions of the law relating to transportation companies, constitutes an unlawful interference with the established business of other authorized stage companies operating over the same highways, and the Commission is asked to order such illegal operations to stop.

We think it is clear under the principles of law laid down by the Supreme Court in the case of *City of Pasadena vs. Railroad Commission* (183 Cal. 256), that the Commission has no jurisdiction over the subject matter of this proceeding. As pointed out in that decision, the jurisdiction vested in the Railroad Commission, either under direct

provision of sections 22 and 23 of article XII of the constitution, or of statutes enacted by the legislature pursuant thereto, is restricted to the regulation of public utilities which are privately owned, and do not include the operation of utilities by public corporations such as municipalities. In this connection the court said:

The subject of similar powers over all other classes of public utilities carried on by private corporations or persons is covered by the provisions of section 23, as we have seen. The provisions of section 22 should not be extended beyond the matters included in the context and the subject matter of the article in which it occurs, and hence it can not be construed to give the legislature authority to confer upon the commission power to regulate the rates of service charged by municipal corporations operating municipally owned public utilities.

The Auto Stage and Truck Transportation Act (Statutes 1917, chapter 213 as amended) was enacted by the legislature pursuant to the authority vested in the legislature, by sections 22 and 23 of article XII of the constitution,

* * * to confer upon the railroad commission additional powers of the same kind or different from those conferred herein which are not inconsistent with the powers conferred upon the railroad commission in this constitution.

Such additional powers must, of course, be germane to the subject of regulation of public utilities (*Pacific Tel. & Tel. Co. vs. Eshleman*, 166 Cal. 640), and, as pointed out by the decision in the case of the *City of Pasadena vs. Railroad Commission*, above quoted, must be limited to private as distinguished from public corporations. We conclude, therefore, that the Commission has no jurisdiction to grant the relief sought by the complaint herein, and that this proceeding should be dismissed.

ORDER.

It is hereby ordered, that the complaint herein be and the same is hereby dismissed.

Dated at San Francisco, California. this twenty-fourth day of May, 1924.

DECISION No. 13596.

JAMES W. FLANNERY ET AL.

vs.

GREAT WESTERN POWER COMPANY OF CALIFORNIA,
A CORPORATION.

Case No. 1844.

Decided May 24, 1924.

BY THE COMMISSION.

SECOND SUPPLEMENTAL ORDER.

WHEREAS, in Decision No. 12582 in the above entitled matter, this Commission provided, with reference to the steam rates of Great

Western Power Company, that such rates be subject to increase or decrease upon approval of the Railroad Commission on the basis of 3 cents per thousand pounds of steam for each 10 cents per barrel increase or decrease, respectively, in the cost of oil above or below the price in effect on August 1, 1923, and

WHEREAS, Great Western Power Company now makes affidavit that on May 1, 1924, the price paid for oil was increased by 50 cents per barrel above the price in effect on August 1, 1923;

It is hereby ordered, that Great Western Power Company be and is hereby authorized to increase its rates for steam as determined in Decision No. 12582 by 15 cents per thousand pounds, effective for all regular meter readings taken on and after the first day of June, 1924.

It is hereby further ordered, that Great Western Power Company, in case it elects to exercise this privilege, file with the Commission on or before May 28, 1924, a revision of its schedule as herein authorized.

Dated at San Francisco, California, this twenty-fourth day of May, 1924.

DECISION No. 13599.

IN THE MATTER OF THE APPLICATION OF MOKELUMNE RIVER POWER AND WATER COMPANY, A CORPORATION ORGANIZED AND EXISTING UNDER THE LAWS OF THE STATE OF CALIFORNIA, FOR PERMISSION TO DISCONTINUE SERVICE TO THE PUBLIC.

Application No. 9605.

Decided May 24, 1924.

Frank J. Solinsky, for Applicant.

Joc Huberty, for certain consumers and Calaveras County Water Users Association, Protestants.

H. W. Hobbs, for Southern Pacific Company.

WHITTLESEY, Commissioner.

OPINION.

Mokelumne River Power and Water Company, an incorporated public utility, makes application as above entitled for permission to discontinue the service of water to its consumers from its ditch system in Calaveras County and to abandon its status as a public utility. The applicant alleges in its petition that for more than sixty years past it has been engaged as a public utility in the distribution and sale of water from its ditch system to the inhabitants of Calaveras County for mining, power, irrigation and domestic purposes, including the supply for the unincorporated towns of Mokelumne Hill, Campo Seco and Valley Springs; that during the early years of its operations mining use predominated and the company was afforded a considerable revenue

and profit through the large use of water for hydraulic mining purposes and for water power for operating the mills and plants of quartz mines; that during recent years and more particularly since about 1912, the use of water for all purposes has largely decreased and the revenues obtained from water sales have been insufficient to even meet the expenses of maintenance and operation without any allowance for depreciation, and as a consequence the company has operated at an annual loss which averaged about \$4,300 per year; that the decline of the mining industry and the resulting decrease in population in the towns account largely for this decreased use of water in recent years, hydraulic mining having ceased entirely about 1889; that electricity later replaced the use of water power for quartz mines, and then came the gradual closing down of the mines in this region; furthermore, that by reason of inadequate revenues, with the resulting annual operating losses, the company has had to reduce its operating expenses to an absolute minimum, has been unable to make the necessary and proper repairs and replacements on the system, and consequently the ditch has reached a general condition of disrepair. Wherefore, since the company has no means of avoiding the constantly increasing loss if it continues to act as a public utility, application is made for permission to discontinue service of water.

Public hearings were held in this proceeding at Valley Springs and San Francisco, after all interested parties had been duly notified and given an opportunity to appear and be heard. At the hearing the stipulation was made that the records and files of all the prior proceedings before the Commission in which this utility has been involved should be considered in evidence in this proceeding.

The operative water system herein involved consists of about thirty-three miles of open ditch, with appurtenant flumes, pipe siphons, tunnels and regulating reservoirs and the pipe distribution systems supplying the towns of Mokelumne Hill, Campo Seco and Valley Springs. The diversion dam is located on the south fork of the Mokelumne River near Glencoe, about sixteen miles above the town of Mokelumne Hill. Since the closing down of the mines the company has abandoned the use of considerable lengths of lateral ditches.

A review of the evidence submitted discloses the serious financial difficulties now confronting this utility in the maintenance and operation of its system. This extensive ditch system, originally constructed of a capacity to deliver the large volumes of water required for mining purposes (which use has ceased), has reverted to the present small uses, which consist mainly of a domestic supply for the three small towns above mentioned and for the irrigation of about sixty acres. It is apparent from the evidence that it is impossible for applicant to

obtain sufficient revenue from the present small use of water to return the bare costs of operation (without allowance for depreciation) unless unreasonably high and prohibitive water rates be established.

The limited use of water on the system in 1923 is shown by the following tabulation:

Domestic use.

At Mokelumne Hill an average of 62 consumers.

At Campo Seco an average of 3 consumers.

At Valley Springs an average of 13 consumers.

Mining use.

Pacific Gold Mining and Milling Company used about 5 miner's inches.

Irrigation from ditch.

Six consumers with approximately 60 acres irrigated.

The following tabulation, compiled from the book accounts, shows the maintenance and operation expenses and the revenues for the past ten years, together with the annual operating losses suffered by the utility:

Year	Maintenance and operation expenses	Total revenues	Annual deficit in revenue
1914 -----	\$11,492 57	\$5,447 97	\$6,044 60
1915 -----	11,505 35	6,329 81	5,175 54
1916 -----	9,748 06	5,954 58	3,793 48
1917 -----	10,729 78	9,040 10	1,689 68
1918 -----	10,097 09	4,785 34	5,311 75
1919 -----	10,234 66	4,806 95	5,427 71
1920 -----	9,651 81	5,430 38	4,220 43
1921 -----	8,530 28	4,501 14	4,029 14
1922 -----	8,121 07	5,332 05	2,789 02
1923 -----	9,218 25	4,969 77	4,248 48

Total deficit for 10-year period ----- \$42,729 83

An analysis of the 1923 operating expenses, which follows, shows that approximately 82 per cent of the total was expended for fixed salaries of employees and for taxes:

Analysis 1923 Operating Expenses.

Salaries, superintendent and five ditch tenders -----	\$4,440 00
Taxes -----	3,105 14
Repairs, materials and supplies and extra labor -----	1,288 57
Miscellaneous general expense and office expenses -----	384 54
Total -----	\$9,218 25

The amount paid for taxes seems excessive, especially in view of the financial difficulties of this company and the fact that it has been operating with a deficit for several years. This item is, however, beyond the control of this Commission, taxes being levied by the authorities of Calaveras County.

The main protestants appearing in this proceeding were the consumers in the town of Mokelumne Hill and the Calaveras County

Water Users Association, which organization was incorporated for the purpose of promoting the irrigation of some 6000 acres below Valley Springs by an extension of the company's ditch system. The consumers of Mokelumne Hill introduced testimony to show that the community has been dependent on the company ditch for its water supply continuously since the early mining days, and that an adequate substitutional supply for the town is not available since underground mine workings have drained certain springs which otherwise could be relied upon for a water supply, and wells of suitable capacity can not be obtained by reason of the proximity of bedrock to the surface in this region.

The evidence shows that the proposed development of irrigation use as a relief of present conditions would require a rehabilitation of the ditch to overcome the existing excessive seepage losses and the addition of adequate storage facilities to supplement the natural low flow of the river in the summer months when irrigation requirements are a maximum. Such improvements and extensions of the system for irrigation use will require large additional capital expenditures which the company itself is unable to finance and which apparently the proposed irrigation district is unwilling or unable to assume.

Due to a combination of the poor condition of the ditch, with resulting large seepage losses and the low summer flow available from the river, this company has for a number of years past experienced difficulty in maintaining sufficient flow during the summer months in the ditch below Mokelumne Hill to supply even the small demands for water in this lower territory, and for certain periods each summer the ditch is out of water below Campo Seco. As a result of this recurring water shortage, the consumers in Campo Seco and Valley Springs have to a large extent been compelled to resort to local wells for their domestic supply.

That the gradual decline in the demand for water from this system in recent years, with resulting diminished revenues, was leading to the critical financial condition in which the utility finds itself, was evidenced in the prior proceedings before this Commission. In this connection reference is made to the findings of the Commission in Decision No. 7394, rendered April 8, 1920, on Application No. 4943, for an increase in rates, and to the supplemental decision thereon, No. 9023, rendered May 28, 1921, in which a revised rate schedule was established, and particularly to Decision No. 10581, rendered June 14, 1922, on further hearing and investigation, wherein there was granted a further upward revision of rates in accordance with an agreement between the consumers and the company.

After careful consideration of all the evidence submitted and particularly the facts set out above, it appears that this utility is entitled

to the relief sought for in its present difficulties, after proper provision has been made to enable the consumers in the communities now receiving service from this source an opportunity to develop or obtain other water supplies. As indicated above, Campo Seco and Valley Springs can readily obtain the small supply needed from existing wells, and accordingly, in order to afford this utility a partial relief by reduction of present maintenance and operation expenses, it is recommended that it be permitted to discontinue service of water from the section of ditch below Mokelumne Hill preliminary to the issuance of the final order authorizing discontinuance of service from the whole system.

The Commission realizes the serious situation which must arise from abandonment of service by a company which has for years supplied a community with water for domestic or irrigation purposes. The consumers have relied on the company to secure the necessary water rights and make delivery of water to them, and having placed that dependence upon the company the individual has therefore taken no action to make appropriation for the diversion of water for his own needs.

The law empowers the Railroad Commission with authority to permit abandonment of service by a public utility when the evidence clearly shows that the company has not and can not reasonably be operated at a profit. When, therefore, a company, pursuant to such an order, ceases operation as a public utility, this Commission loses all control over the acts of the company or of its property and can not determine any of the questions which may arise thereafter respecting the rights or claims of the stockholders, creditors or former consumers.

However, from testimony submitted at the hearings and from investigation of the situation, it is apparent that a sufficient supply for the needs of the present consumers in Mokelumne Hill can be obtained from wells or tunnels in the town. The owners of the water system have stated their willingness to transfer to any citizen or group of water users in Mokelumne Hill the distributing pipe system at a nominal price to be mutually agreed upon or as determined reasonable by the Commission. The order to be made permitting abandonment of service by the Mokelumne River Power and Water Company will allow time for such purchase and the development of a water supply for the town.

The following form of order is submitted.

ORDER.

Mokelumne River Power and Water Company, a corporation, having applied for an order authorizing it to discontinue the service of water from its ditch system and to abandon its status as a public utility water corporation, a public hearing having been held thereon, and the matter having been submitted for decision:

It is hereby found as a fact that, due to circumstances and conditions beyond the control of this utility, the demand for and use of water from its system has for a number of years gradually diminished so that it has become impossible for it to properly maintain the ditch and operate except at a considerable financial loss, and that the possibility that the existing situation will be relieved by a revival of mining or by the proposed development of irrigation use is uncertain and remote.

And basing the order upon the foregoing finding of fact and upon the statements of fact contained in the opinion which precedes this order;

It is hereby ordered, that applicant be and it is hereby authorized to discontinue service of water from that portion of its ditch system which extends from below Mokelumne Hill to Valley Springs on and after the first day of July, 1924; provided, that within twenty (20) days after the effective date of this order written notice to that effect be given each and every consumer at present receiving service from said section of ditch.

It is hereby further ordered, that applicant be and it is hereby authorized to serve written notice within twenty (20) days after the effective date of this order on all remaining consumers on its system, namely, those in and in the vicinity of the town of Mokelumne Hill; that it is the intention to discontinue all service of water from its ditch system on or about the first day of July, 1925, and that such notice is given in order that ample time may be afforded them to provide some other source or sources of water supply and to acquire from applicant, if they so desire, the existing distribution system and reservoir in said town of Mokelumne Hill.

After full compliance by the applicant herein with the foregoing conditions, this Commission will issue on or about July 1, 1925, a supplemental order finally authorizing applicant to discontinue all service of water from its ditch system and to cease operating as a public utility; provided, that it file with the Commission by June 1, 1925, a written statement giving the actual conditions then obtaining on the system as to prospects for increasing water use from the system and as to the provisions that have been made by present consumers to care for their future water needs, and showing that conditions have not altered to such an extent that such supplemental order will be unjust and unreasonable to the consumers in the territory traversed by the ditch.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this twenty-fourth day of May, 1924.

DECISION No. 13600.

IN THE MATTER OF THE APPLICATION OF L. C. HANSEN, CONDUCTING THE EMPIRE WATER SYSTEM AT EMPIRE, COUNTY OF STANISLAUS, STATE OF CALIFORNIA, FOR AUTHORITY TO DISCONTINUE AND ABANDON SAID WATER SERVICE.

Application No. 9366.

Decided May 24, 1924.

S. F. Sanger and Milburn Kinyon, for East Empire Water Users Association, representing Consumers.

T. B. Scott, for Applicant.

WHITTLESEY, Commissioner.

OPINION AND ORDER ON REHEARING.

On December 12, 1923, this Commission by Decision No. 12920 authorized the applicant, L. C. Hansen, to discontinue water service to his consumers at Empire, Stanislaus County, on June 30, 1924. Thereafter the consumers formed an organization known as East Empire Water Users Association and under the name of this association filed a petition for rehearing. This was granted by the Commission and the rehearing was held at Modesto on May 14, 1924. Further testimony has been introduced, additional exhibits have been filed, and the matter is now submitted for final decision.

The petition of the consumers alleges that the costs of the installation of the new pumping equipment, which were presented at the former hearing by the applicant as a part of the operating expenses, should be charged to fixed capital investment; that the revenues heretofore submitted by applicant show the actual collections only and make no allowance for unpaid bills or for the water service furnished to several consumers living in the houses and buildings owned by Hansen. The total amount receivable for 1922 is claimed to be \$435 as compared with \$168 actually collected. This figure includes, however, \$102 for the rent of living quarters in the tankhouse, and the revenues for water used at one other place, both of which were unoccupied during 1923 and at present are still vacant.

Although this information was before the Commission at the time the case was under consideration, it was deemed advisable to reopen the matter in order to give all interested parties full and ample opportunity to submit new evidence or present additional facts. A very thorough and complete investigation of conditions at Empire was made by the hydraulic division of the Commission, and in the report thereon, which was submitted at the rehearing by M. R. MacKall, the estimated original cost of the plant as of April 1, 1924, was given as \$2,319, and the annual replacement fund, computed by the sinking fund method at 6 per cent, was shown as \$51. Eliminating improper charges, the

reasonable annual maintenance and operating expenses for the future were estimated to be \$285. The revenues receivable for 1924 were estimated to closely approximate \$288, which includes charges for water service to tenants of the Hansen property.

The annual charges based upon the figures given above will be as follows:

Return at 8% on \$2,319.....	\$186 00
Annual replacement fund.....	51 00
Maintenance and operating expenses.....	285 00
Total annual charges.....	\$522 00

The estimated revenues receivable for 1924 amount to \$288.

The revenues actually collected in 1922 were \$168, and \$138 in 1923.

From the evidence it appears that the applicant owns only that part of the distribution mains which serves his own property. The other pipe lines are all claimed by the various consumers. The mains are very small; practically all are of $\frac{3}{4}$ -inch pipe and as many as four consumers are served from the same $\frac{3}{4}$ -inch line. Under such circumstances adequate service is impossible.

In order to produce the revenues necessary to pay a fair return upon the investment to which the owner of the plant should rightfully be entitled, the present rates would have to be increased to such an extent that consumers would probably seek other sources of supply through the sinking of individual wells or otherwise. It is also evident that the continued operation of this plant and the furnishing of adequate service therefrom will require an expenditure estimated to be at least \$1,000 for the installation of larger sized mains and the metering of some or all of the services. Such an expenditure can result only in an increased deficit from operation, and it is evident that it would be unreasonable and unjust for this Commission to expect the owner of a water system already operating at a considerable financial loss to expend more money upon the plant.

A careful review of the evidence submitted in this matter leads to the conclusion that the former order of the Commission should be confirmed and the applicant should be permitted to discontinue the operation of the water plant, after giving the consumers an extension of the time heretofore granted in which to secure other sources of supply. In this connection it may be stated that water can be secured by the installation of shallow wells in any part of the community and that consumers are therefore not restricted to the Hansen system for a water supply. There is, moreover, an opportunity for the consumers to acquire this water system and thereafter to operate the same as a mutual concern or otherwise, as Mr. Hansen has offered to sell the plant for a nominal consideration.

ORDER.

L. C. Hansen having made application to this Commission as entitled above, a public hearing having been held thereon, the matter having been submitted, and the Commission after due consideration thereon having rendered its Decision No. 12920, and thereafter a petition for rehearing on behalf of the East Empire Water Users Association having been filed and granted, a further hearing having been held, the proceeding having been submitted and the Commission being now fully informed in the matter:

It is hereby found as a fact that no evidence was presented at the rehearing in this matter which would justify the modification of the Commission's previous order in Decision No. 12920 except as to the date of final discontinuance of water service.

And basing the order upon the foregoing finding of fact and upon the statements of fact contained in the opinion which precedes this order;

It is hereby ordered, that the previous order of this Commission in Decision No. 12920, rendered December 12, 1923, be and the same is hereby confirmed, and, except as modified herein, shall remain in full force and effect.

It is hereby further ordered, that within twenty (20) days from the date of this order L. C. Hansen be and he is hereby directed to notify in writing each of the consumers now being supplied with water by this plant of his intention to discontinue the operation of the system on September 1, 1924.

It is hereby further ordered, that L. C. Hansen be and he is hereby directed to furnish to this Commission within thirty (30) days from the date of this order an affidavit setting forth the fact that each of his consumers at Empire was duly notified of such intention to discontinue the operation of the water system on September 1, 1924.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this twenty-fourth day of May, 1924.

DECISION No. 13601.

IN THE MATTER OF THE APPLICATION OF CITIZENS' WATER COMPANY OF NILES, CALIFORNIA, FOR AN ORDER AUTHORIZING SAID PETITIONER TO BORROW FOUR THOUSAND FIVE HUNDRED DOLLARS AND TO GIVE CERTAIN SECURITY THEREFOR.

Application No. 10060.

Decided May 24, 1924.

Oliver Ellsworth, for Applicant.

BY THE COMMISSION.

OPINION.

In this application Citizens' Water Company of Niles asks authority to execute a chattel mortgage and to issue to Bank of Alameda County its promissory note in the principal amount of \$4,500 for the purpose of financing the cost of extensions, additions, betterments and improvements, and of paying indebtedness.

Citizens' Water Company of Niles is engaged in the business of supplying water in and about the town of Niles for domestic, irrigation, manufacturing and public purposes, serving about 540 consumers. For the year ending December 31, 1922, the company reports gross revenues of \$11,606.66, operating expenses, including depreciation, of \$7,287.43, interest and other deductions of \$339.27 and net profit for the year of \$3,979.96. For the twelve months ending December 31, 1923, the company reports gross revenues of \$12,919.68, operating expenses, including depreciation, of \$7,813.32, interest and other deductions of \$272.74 and net profit for the year of \$4,833.62. During both years an 8 per cent dividend was paid on the outstanding stock.

As of December 31, 1923, applicant reports its assets and liabilities as follows:

<i>Assets.</i>	
Fixed capital -----	\$41,115 60
Cash -----	621 48
Accounts receivable -----	458 63
Materials and supplies -----	320 20
Unamortized discount on stock -----	8,255 00
Total assets -----	\$50,770 91
<i>Liabilities.</i>	
Capital stock outstanding -----	\$26,510 00
Note payable -----	1,250 00
Accounts payable -----	105 00
Consumers' advances -----	43 86
Reserve for accrued depreciation -----	9,103 12
Corporate surplus -----	13,758 93
Total liabilities -----	\$50,770 91

The note payable, amounting to \$1,250, was issued pursuant to authority granted by the Commission by Decision No. 6922, dated December 9, 1919, to pay for pipe lines and laterals. It appears that \$250 has been paid on account of the note since the date of the balance sheet, leaving \$1,000 at present outstanding. It is proposed to use \$1,000 obtained from the note requested in this application to pay this indebtedness; to use \$1,500 to install a 4-inch main from the present line between Niles and Decoto to a box factory, a distance of about 2200 feet; to use \$1,200 to install four hydrants and a new 4-inch main about 1800 feet in length on Front street in Niles to meet the requirements of the Niles Fire Commission; and to use the remaining \$800 to

install about 2000 feet of 4-inch main in Niles Canyon to supply consumers who are now receiving an inadequate supply of water through smaller mains.

The company reports that it has arranged to borrow the \$4,500 from the Bank of Alameda County on its promissory note. The note will bear interest at 6 per cent per annum, will mature in equal quarterly installments of \$250 each and will be secured by a chattel mortgage. A copy of the proposed mortgage has been filed in this proceeding as "Exhibit A" and appears to be in satisfactory form.

ORDER.

Citizens' Water Company of Niles having applied to the Railroad Commission for permission to execute a mortgage and to issue a note, a public hearing having been held before Examiner Fankhauser and the Railroad Commission being of the opinion that the application should be granted as herein provided, and that the money, property or labor to be procured or paid for is reasonably required for the purpose or purposes specified herein and that the expenditures for such purpose or purposes are not in whole or in part reasonably chargeable to operating expenses or to income;

It is hereby ordered, that Citizens' Water Company of Niles be and it is hereby authorized to execute a mortgage substantially in the same form as that filed in this proceeding and marked "Exhibit A," and to issue its 6 per cent promissory note in the principal amount of \$4,500 for the purpose of paying the indebtedness and of financing the cost of the extensions, additions, betterments and improvements to which reference is made in the foregoing opinion.

The authority herein granted is subject to further conditions as follows:

1. The authority herein granted to execute a mortgage is for the purpose of this proceeding only and is granted only in so far as this Commission has jurisdiction under the terms of the Public Utilities Act, and is not intended as an approval of such mortgage as to such other legal requirements to which said mortgage may be subject.

2. Applicant shall keep such record of the issue and delivery of the note herein authorized and of the disposition of the proceeds as will enable it to file, on or before the twenty-fifth day of each month, a verified report, as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

3. The authority herein granted to execute a mortgage and to issue a note will become effective when applicant has paid the minimum fee prescribed by section 57 of the Public Utilities Act, which fee is \$25,

but will extend only to such mortgage as may be executed and to such note as may be issued on or before July 31, 1924.

Dated at San Francisco, California, this twenty-fourth day of May, 1924.

DECISION No. 13602.

IN THE MATTER OF THE APPLICATION OF THE LATON WATER COMPANY FOR AUTHORIZATION TO ISSUE TWO HUNDRED DOLLARS ADDITIONAL STOCK.

Application No. 10059.

Decided May 24, 1924.

N. F. Densmore, for Applicant.

BY THE COMMISSION.

ORDER.

Laton Water Company asks permission to issue and sell at par \$200 par value of its common stock. It is of record that the Fresno County health officer directed applicant to install a pipe line so as to enable it to furnish water to the grammar school at Laton. To comply with the order of the health officer, applicant had to lay approximately 1150 feet of two-inch pipe. To pay for the pipe and its installation, applicant sold two shares of stock to N. P. Gonser, one share to N. F. Densmore and one share to H. W. Sperbeck. These four shares of stock (\$200 par value) were issued without a permit from the Railroad Commission. The stock so issued is declared void by section 52 of the Public Utilities Act. The testimony shows that the officers of the company were not aware that the permit to issue stock had to be obtained from the Commission. Upon having their attention called to this fact, they filed this application, on which a public hearing was held before Examiner Fankhauser. The Commission has considered the request of applicant, and believes it should be granted; therefore,

It is hereby ordered, that the Laton Water Company be and it is hereby authorized to issue and sell at not less than par on or before August 31, 1924, additional common stock in the amount of \$200; such stock to be issued and sold in lieu of the \$200 of stock sold to N. P. Gonser, N. F. Densmore and H. W. Sperbeck.

It is hereby further ordered, that Laton Water Company shall cancel the stock certificates issued to N. P. Gonser, N. F. Densmore and H. W. Sperbeck, referred to in this order, and issue to N. P. Gonser, without additional charge, a certificate or certificates representing two shares of stock; to N. F. Densmore, a certificate representing one share of stock; and to H. W. Sperbeck, a certificate representing one share of stock.

It is hereby further ordered, that the authority herein granted shall become effective upon the date hereof, and that applicant shall file with

the Commission a report showing that the stock certificates to which reference has been made have been canceled and new certificates issued in lieu thereof, in accordance with this order.

Dated at San Francisco, California, this twenty-fourth day of May, 1924.

DECISION No. 13603.

IN THE MATTER OF THE APPLICATION OF SAN JOAQUIN LIGHT AND POWER CORPORATION FOR AN ORDER AUTHORIZING THE ISSUE AND SALE OF BONDS.

Application No. 10073.

Decided May 26, 1924.

Murray Bourne, for Applicant.

BY THE COMMISSION.

OPINION.

San Joaquin Light and Power Corporation in the above entitled application, as amended, asks permission to issue and sell at 95 per cent of their face value and accrued interest \$1,500,000 of its unifying and refunding 6 per cent Series "C" of 1954 bonds.

Applicant asks permission to use the proceeds to pay in part construction expenditures which it intends to incur during 1925. There has been filed in this proceeding a statement showing estimated construction expenditures of \$1,749,129. These estimated expenditures are distributed as follows:

Auto transformer and switches, 110/70 kilovolt, Power House No. 1----	\$95,000 00
110 kilovolt line, Kerckhoff to Power House No. 1-----	40,000 00
110 kilovolt line control switches, Kerckhoff Power House-----	15,000 00
Install dredging equipment No. 1 Reservoir-----	7,095 00
Merced River south fork survey-----	9,000 00
Air washers and evactors, Bakersfield steam plant-----	10,500 00
Operators' cottages, Tule Power House, Corcoran Substation, Merced Substation, Semi-Tropic Substation-----	17,000 00
Additional switching apparatus at various stations-----	38,000 00
North Fresno Substation-----	85,000 00
Kingsburg Substation-----	70,000 00
Mendota Substation-----	32,318 00
New gas generator, Merced-----	25,000 00
New mains to improve Bakersfield gas distribution system-----	15,816 00
11 kilovolt line, North Fresno Substation to O street-----	45,000 00
Increase capacity various lines, etc.-----	104,400 00
Distribution lines, etc., to serve new business-----	1,140,000 00
	<hr/>
	\$1,749,129 00

It is of record that applicant's expenditures for additions and betterments during 1925 will be in excess of the estimates submitted in this proceeding.

Representatives of applicant believe that because of a possible decrease in earnings during the remainder of the current year it is

advisable and desirable that applicant issue the \$1,500,000 of bonds forthwith. In its application, as originally filed, San Joaquin Light and Power Corporation asked permission to issue \$1,500,000 of its unifying and refunding 6 per cent Series "B" of 1952 bonds. These bonds are noncallable. The Commission advised applicant that it will not, at this time, authorize the issue of noncallable bonds. Applicant thereupon amended its application and now asks permission to issue \$1,500,000 of its unifying and refunding 6 per cent Series "C" of 1954 bonds. Though the Commission has not yet been furnished with a copy of the proposed Series "C" bonds, it has been advised that the bonds are callable at 105 during the first 10 years of their term, and thereafter at a premium of one-fourth of one per cent for each year or fraction thereof of the unexpired term of the bonds.

ORDER.

San Joaquin Light and Power Corporation having applied to the Railroad Commission for permission to issue \$1,500,000 of bonds, a public hearing having been held before Examiner Fankhauser and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for through the issue of the bonds is reasonably required by applicant and that the expenditures herein authorized are not in whole, or in part, reasonably chargeable to operating expenses or to income;

It is hereby ordered, that San Joaquin Light and Power Corporation be and it is hereby authorized to issue and sell on or before December 31, 1924, at not less than 95 per cent of their face value and accrued interest \$1,500,000 of its unifying and refunding 6 per cent Series "C" of 1954 bonds.

The authority herein granted is subject to further conditions as follows:

1. The proceeds obtained from the sale of the bonds, other than the accrued interest, shall be used by applicant to pay, in part, such cost of the additions and betterments described in Exhibit "C" filed in this proceeding as is properly chargeable to fixed capital account under the uniform classification of accounts prescribed or adopted by the Railroad Commission. The moneys representing accrued interest may be used for general corporate purposes.

2. Applicant shall keep such record of the issue, sale and delivery of the bonds herein authorized and of the disposition of the proceeds as will enable it to file, on or before the twenty-fifth day of each month, a verified report, as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

3. The authority herein granted will not become effective until applicant has paid the fee prescribed by section 57 of the Public Utilities Act, which fee is \$1,250, nor until there has been filed with the Commission, in satisfactory form, a copy of applicant's Series "C" of 1954 bonds.

Dated at San Francisco, California, this twenty-sixth day of May, 1924.

DECISION No. 13607.

IN THE MATTER OF THE APPLICATION OF GREAT WESTERN POWER COMPANY OF CALIFORNIA AND PACIFIC GAS AND ELECTRIC COMPANY, FOR AUTHORITY TO PARTITION THE PROPERTIES FORMERLY OWNED BY UNIVERSAL ELECTRIC AND GAS COMPANY.

Application No. 10019.

Decided May 27, 1924.

Chaffee Hall, for Great Western Power Company of California,
C. P. Cullen, for Pacific Gas and Electric Company.

BRUNDIGE, *Commissioner*.

OPINION.

Great Western Power Company of California and Pacific Gas and Electric Company join in this application for authority to partition certain property formerly owned by Universal Electric and Gas Company and acquired by Great Western Power Company of California as of March 1, 1922.

The purchase of the property of Universal Electric and Gas Company by Great Western Power Company of California was authorized by this Commission by its Decision No. 10379 (21 C. R. C. 641), in Application No. 7639.

The evidence in the present proceeding, and in Application No. 7639, which it was stipulated is to be considered in connection with the present application, shows that this property was purchased by Great Western Power Company of California for the joint account of itself and Pacific Gas and Electric Company.

The property of Universal Electric and Gas Company consisted of a steam electric generating station, substations, an electric distribution system and a system for the distribution of steam for heating purposes. To a large extent the electric distribution lines parallel those of Pacific Gas and Electric Company and Great Western Power Company.

Since its acquisition by Great Western Power Company, the property has been operated on a joint account and it is now proposed to divide the electric distribution system in such a manner that the various portions will be of the most use to the two companies. The present application covers the division of the electric distribution system, the disposal

of the other properties to be definitely determined upon at a later date. This division is in accordance with the terms of an agreement entered into between Pacific Gas and Electric Company and Great Western Power Company at the time the Universal properties were purchased. It is proposed that Pacific Gas and Electric Company will quitclaim to Great Western Power Company all of its undivided interest in the electric distribution system and will receive in return a conveyance covering approximately one-half of the electric distribution system. It is apparent that the division of the property in question will make possible its absorption into the systems of the two companies now owning it and will make possible the elimination of certain duplicate facilities and the better use of the remaining equipment with consequent improvement in service and operating conditions.

The rates charged on the systems of Pacific Gas and Electric Company and Great Western Power Company, and on the system formerly owned by Universal Electric and Gas Company, are identical and there is no reason to believe that the proposed transfer can work any hardship upon consumers.

A public hearing was held on the matter in San Francisco and although this hearing had been duly advertised, no protest was made.

I recommend the following form of order:

ORDER.

Great Western Power Company of California and Pacific Gas and Electric Company having applied to the Railroad Commission for authority to partition the properties formerly owned by Universal Electric and Gas Company, a public hearing having been held, the matter being duly submitted and now ready for decision;

It is hereby ordered, that—

(1) The agreement, dated March 10, 1922, between Great Western Power Company of California and Pacific Gas and Electric Company, covering the purchase by the former of the property of Universal Electric and Gas Company, for the joint account of Great Western Power Company of California and Pacific Gas and Electric Company, and the ultimate division of said property between these two companies, be and the same is hereby approved.

(2) Pacific Gas and Electric Company be and it is authorized to release and quitclaim to Great Western Power Company of California all interest in the electric distribution system formerly owned and operated by Universal Electric and Gas Company, such release and quitclaim to be evidenced by a conveyance substantially in the form as shown in Exhibit "B" attached to the application in this proceeding and made a part thereof.

(3) Great Western Power Company of California be and it is authorized to transfer and convey to Pacific Gas and Electric Company

approximately one-half of the electric distribution system formerly owned and operated by Universal Electric and Gas Company as more particularly described in Exhibit "C" and the amendment thereto attached to the application in this proceeding and made a part thereof.

(4) The consideration at which such properties are transferred, or authorized to be transferred, shall not be urged before this Commission or other public body as a finding of the value of said properties.

(5) On or before August 31, 1924, the parties to this application shall file with this Commission certified copies of the conveyances by means of which the transfers herein authorized shall be made.

(6) The authority herein granted shall apply only to such transfers as shall be made on or before August 31, 1924.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this twenty-seventh day of May, 1924.

DECISION No. 13608.

IN THE MATTER OF THE APPLICATION OF S. FREDRICKSON FOR
CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY TO
OPERATE A POWER VESSEL FOR THE TRANSPORTATION OF
FREIGHT FOR COMPENSATION BETWEEN POINTS UPON THE
INLAND WATERS OF THE STATE OF CALIFORNIA.

Application No. 10041.

Decided May 27, 1924.

TRANSPORTATION—INLAND WATER CARRIER—CONTINUATION OF OPERATIVE RIGHTS.
The Commission holds that in granting a certificate to S. Fredrickson to operate a power vessel, formerly operated by a copartnership, the operating partner having died, is merely continuing the existing operating right.

Harry Davids, for Applicant.

E. P. Stoltz, for Erikson Navigation Company and Estate of John Erikson.

John S. P. Dean, for Bay and River Boat Owners Association.

MARTIN, Commissioner.

OPINION.

This is a proceeding, as amended, in which S. Fredrickson, as managing owner for the copartnership of C. Erikson, executrix of the estate of John Erikson, deceased, Barbara Demming, and S. Fredrickson, applies for a certificate of public convenience and necessity authorizing the operation of a power boat called *Mathilda* between various points upon the inland waters of San Francisco, Suisun and San Pablo bays and tributaries thereto.

A public hearing was held, evidence submitted and the matter is now ready for decision.

No evidence was submitted by the applicant other than the uncontroverted testimony of applicant to the effect that he had been engaged in this class of operation for a period of forty (40) years; that he has only a one-third interest in the power boat *Mathilda*, which he has had since its construction in 1905.

This boat was originally a sailing vessel but was later changed to a power boat through the installation of a gasoline engine of 235 horsepower. This vessel has been operated by John Erikson, one of the copartners, but recently the managing ownership was transferred from said John Erikson to S. Fredrickson, applicant herein.

The legislature of 1923 added as an amendment subsection (d) to section 50 of the Public Utilities Act, which became effective August 17, 1923, reading in part as follows:

(d) No corporation or person, their lessees, trustees, receivers or trustees appointed by any court whatsoever, shall hereafter operate or cause to be operated, *any vessel* between points exclusively on the inland waters of this state, without first having obtained from the railroad commission a certificate declaring that present or future public convenience and necessity require or will require, such operation, but no such certificate shall be required of any corporation or person which is actually operating vessels in good faith, at the time this act becomes effective, between points exclusively on the inland waters of this state under tariffs and schedules of such corporations or persons, lawfully on file with the railroad commission.

Under the provisions of section 50, subdivision (d), as hereinabove quoted, the operator of a vessel transporting property for compensation upon the inland waters of this state must secure a certificate of public convenience and necessity from the Railroad Commission before commencing operation. The applicant herein holds no such certificate, nor does he fall within the provisions of the language in the subsection above quoted that no such certificate shall be required of any corporation or person which corporation or person was operating vessels in good faith at the time that the act became effective, in that the said Fredrickson was not operating a vessel or vessels in good faith, the particular vessel in question being operated at the time by John Erikson, deceased. It does appear in evidence, however, that among the number of vessels operated by John Erikson there was one, namely, *Mathilda*, in which the said Erikson only held a one-third interest, the other interests resting one-third in Fredrickson and one-third in Barbara Demming. The majority ownership has now transferred the managing control of said vessel to applicant, Fredrickson, and it is incumbent upon the said Fredrickson, under the provisions of statutory law, to secure a certificate to continue in his own name the operation of this craft.

This particular boat, namely, *Mathilda*, has been operated as a common carrier of freight for compensation over the inland waters of the State of California for a period of approximately 20 years and should the certificate applied for not be granted it would necessitate the

owners of such vessel laying it up for an indefinite period or until such time as arrangements might be made to place it in operation under another certificated carrier.

While section 50, subdivision (d), of the Public Utilities Act, does not provide for the transfer of an operative right, it is the belief of this Commission that it was not within the intent of the legislature, under such circumstances as exist in the present instance, namely, through the death of an operator of a boat which has been in operation that such boat should be retired from service, for the simple reason that if there was a necessity for the operation of said craft during the period of years last past, there is nothing in the evidence to show why such necessity does not continue to exist, and if a certificate is refused in this case and the necessity exists at the present time for a certain tonnage of water craft upon the inland waters, then the Commission in retiring from operation an active vessel would merely be inviting an application for the operation of new craft by another carrier.

The Commission in this matter in granting a certificate to Fredrickson for the operation of the *Mathilda*, is neither enlarging upon nor decreasing operative rights which existed on August 17, 1923, but merely continuing in *status quo* an operation in a manner which it deems just and equitable with due regard to the public interest.

We are of the opinion that, under the circumstances in this case, a certificate should issue, particularly in view of the fact that the Erikson Navigation Company, a corporation, has only been recently granted a certificate to operate such crafts as were retained by the estate as heretofore operated by John Erikson, deceased (Decision No. 13566, Application No. 10001).

An order will be entered accordingly.

ORDER.

A public hearing having been held, evidence submitted, and the Commission being fully advised:

The Railroad Commission of the State of California hereby declares that public convenience and necessity require the operation by S. Fredrickson, as managing owner for the copartnership of C. Erikson, executrix of the estate of John Erikson, deceased, Barbara Demming and S. Fredrickson, of a gasoline power boat as more specifically hereinafter set forth as a common carrier of freight upon the inland waters of the State of California, limited to the bays of San Francisco, Suisun and San Pablo and tributaries thereto; and

It is hereby ordered, that a certificate of public convenience and necessity be granted, subject to the following conditions:

(1) That the certificate herein granted authorizes the operation of one (1) vessel only; namely, a gasoline power boat called *Mathilda*, with an engine of 235 horsepower, constructed of wood, with a length

of 79 feet and a beam of 29 feet and a depth of 6.1 feet and tonnage of 73.

It is hereby further ordered, that applicant shall file his written acceptance of the certificate herein granted within a period of not to exceed ten (10) days from date hereof.

It is hereby further ordered, that he shall file, within a period of twenty (20) days from date hereof, tariff of rates as set forth in Exhibit "B" attached to the application herein, such tariff of rates to hereinafter include whatever supplements may be issued to said tariff, filed as Exhibit "B" and issued in the name of the Bay and River Boat Owners Association.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this twenty-seventh day of May, 1924.

DECISION No. 13609.

IN THE MATTER OF THE APPLICATION OF THE SAN DIEGO ELECTRIC RAILWAY COMPANY, A CORPORATION, FOR AN ORDER AUTHORIZING AND DIRECTING THE SEPARATION OF GRADE AND THE CONSTRUCTION, MAINTENANCE AND OPERATION OF AN OVERHEAD CROSSING, OF THE STREET RAILWAY LINE OF APPLICANT AT ITS INTERSECTION WITH TURQUOISE STREET, IN THE CITY OF SAN DIEGO, CALIFORNIA.

Application No. 10017.

Decided May 28, 1924.

BY THE COMMISSION.

ORDER.

San Diego Electric Railway Company, a corporation, filed the above entitled application with this Commission on the twenty-sixth day of April, 1924, asking for authority to construct an overgrade crossing at Turquoise street, in the city of San Diego, county of San Diego, State of California, as hereinafter set forth. The necessary franchise (Ordinance No. 9210) has been granted by the city council of said city for the construction of said overhead crossing, and it appears to this Commission that the present proceeding is not one in which a public hearing is necessary, and that this application should be granted, subject to the conditions hereinafter specified; therefore,

It is hereby ordered, that permission and authority be and it is hereby granted to San Diego Electric Railway Company to construct an overgrade crossing at Turquoise street, in the city of San Diego, county of San Diego, State of California, as shown by the map attached to the application; said overgrade crossing to be constructed subject to the following conditions, viz:

(1) The entire expense of constructing the crossing, together with the cost of its maintenance thereafter in good and first-class condition for the safe and convenient use of the public, shall be borne by applicant.

(2) Said crossing shall be constructed at the location in the city of San Diego as shown on map attached to the application, and constructed according to plans which shall have been approved by this Commission.

(3) Said crossing shall be constructed with clearances to conform with this Commission's General Order No. 26.

(4) Applicant shall, within thirty (30) days thereafter, notify this Commission, in writing, of the completion of the installation of said crossing.

(5) If said crossing shall not have been installed within one year from the date of this order, the authorization herein granted shall then lapse and become void, unless further time is granted by subsequent order.

(6) The Commission reserves the right to make such further orders relative to the location, construction, operation, maintenance and protection of said crossing as to it may seem right and proper, and to revoke its permission if, in its judgment, the public convenience and necessity demand such action.

This order shall become effective ten (10) days after the making thereof.

Dated at San Francisco, California, this twenty-eighth day of May, 1924.

DECISION No. 13623.

IN THE MATTER OF THE APPLICATION OF PEERLESS STAGES, INCORPORATED, A CORPORATION, TO OPERATE AUTO STAGES AS A TRANSPORTATION COMPANY BETWEEN CERTAIN POINTS IN THE CITIES OF OAKLAND AND ALAMEDA, STATE OF CALIFORNIA.

Application No. 9710.

Decided May 28, 1924.

TRANSPORTATION—AUTO BUSES.—The Commission denied the application of Peerless Stages, Incorporated, to operate three motor bus routes between the cities of Oakland and Alameda, reserving the right to set aside its decision if Key System Transit Company does not within sixty days establish fifteen-minute bus service in the east and the west ends of Alameda, as outlined in its counter proposal.

Harry A. Encell, for the Applicant.

L. R. Weinmann and *E. J. Silver*, for Alameda Improvement Club, Women's Improvement Club, Committee of the Chamber of Commerce, East End Non-Partisan Club, Real Estate Board of the City of Alameda, and independent residents of the City of Alameda.

W. J. Locke, City Attorney, for the City of Alameda.

Leon E. Gray, City Attorney, for the City of Oakland.

Morrison, Dunne and Brobeck, by *Peter F. Dunne* and *A. L. Whittle*, for the Key System Transit Company, Protestant.
L. Richardson, for the Southern Pacific Company, Protestant.

BRUNDIGE, Commissioner.

OPINION.

This is an application in behalf of the Peerless Stages, Incorporated, a corporation, in which it petitions the Railroad Commission for a certificate of public convenience and necessity, authorizing the operation of an automobile stage line as a common carrier of passengers over three routes between the cities of Oakland and Alameda, Alameda County, California. The three routes proposed to be served are described in detail in the application herein and are, roughly, as follows:

All three routes originate and terminate at the present depot of applicant, located at Eleventh and Clay streets in the city of Oakland. Route No. 1 is proposed to be operated from such depot over Eleventh street to Webster, over Webster streets in Oakland and Alameda, making a loop around Pacific avenue, Third street and Central avenue, back to Webster, and thence to point of origin.

Route No. 2 commences and terminates at Eleventh and Clay streets, running over Eleventh street, down Webster streets in Oakland and Alameda to Central avenue, thence over Central avenue to Morton, to San Antonio, around the east end of Alameda, over the High street bridge to East Fourteenth street, Oakland, and thence in a westerly direction to point of origin.

Route No. 3 commences at the same point as the other two routes, running over Webster street to Pacific avenue in the city of Alameda, easterly to Park, thence in a westerly, easterly and northerly direction and over the High street bridge to East Fourteenth street, following the same route as No. 2 to point of origin.

Public hearings were held in the above entitled application on February 21 and 27, and on March 4 and 5, 1924, at which time the matter was submitted on briefs. Briefs have been filed and the application is now ready for decision.

The application is protested by the Key System Transit Company, operating electric street railway service in the cities of Oakland and Alameda, and by the Southern Pacific Company, operating both local and interurban electric service in the two cities above named. Considerable testimony was introduced through witnesses produced by both applicant and protestants. I do not believe it necessary to review in detail at this time the evidence of these many witnesses, their testimony being mainly opinionative and based upon their familiarity with transportation conditions, needs and service now being rendered, which information they had gained through long residence in the city of Alameda.

The Key System Transit Company, hereinafter referred to as the Transit Company, operates electric street railway service between the cities of Oakland and Alameda over several different routes, one route operating over Santa Clara avenue, another over San Antonio avenue and San Jose avenue, and a so-called stub line operating around High street and Santa Clara avenue, connecting with the Park street line at the junction of Santa Clara avenue and San Jose avenue.

The Southern Pacific Company operates what is known as its horse-shoe route, which carries local passengers between Oakland and Alameda. This service, however, is not satisfactory to the needs of the traveling public between the two municipalities mentioned, and I do not believe that it is necessary to further comment thereon in this opinion.

Peerless Stages, Incorporated, hereinafter referred to as the Bus Company, now operates under thirty-minute headway a line of stages between Oakland and San Jose and intermediate points. It proposes to operate the three routes herein applied for under a thirty-minute headway and would provide for a greater headway or for extra equipment during rush hours. The applicant proposes to care for increase in traffic or for necessary extra equipment during rush hours by substitution of highway type of stages now used by applicant in its Oakland-San Jose service. The thirty-passenger Fageol streetcar type bus costs \$8,750, according to the testimony of the president of the applicant corporation. In reviewing the financing of the corporation, it was testified to by the president that he believes the corporation could produce \$15,000 in cash or possibly \$20,000 and that it would be able to borrow \$5,000 upon a short-term note. The cost of the initial equipment required to operate the service herein proposed would amount to \$87,500. Testimony of applicant was to the effect that with an initial payment of \$20,000, the company could secure delivery of the ten necessary units, paying the balance upon deferred contracts covering a period of ten months. The deferred balance would amount to \$67,500, requiring monthly payments of \$6,750.

Applicant's president further testified to the effect that he believed he could operate this type of bus at a cost of 20 cents per mile. While this figure appears to be unduly low, in view of the reported operating cost of this type of bus under similar conditions in other parts of the State of California, applicant's figure may be accepted for the purposes of this opinion.

Route No. 1 is six miles in length. Applicant proposes to operate thirty-six trips per day, or a total of 216 miles on this route. Route No. 2 is 10.9 miles in length. Applicant proposes to operate seventy-two trips per day or approximately a total of 784 miles. Route No. 3 is eleven miles in length, with the same number of trips as Route No. 2, making a total of 792 miles per day. This makes a total of nearly 1800 miles

per day to be operated under the minimum schedule proposed. On the basis of an operating cost of 20 cents per mile, this would amount to \$360 per day covering cost of operation alone.

Applicant's president estimated that on Route No. 1 the busses would carry approximately from forty to forty-five passengers per round trip; that on Routes Nos. 2 and 3, approximately sixty passengers per round trip each. This estimate was based upon a thirty-minute headway. It must be pointed out in this connection that the Transit Company operates on lower Washington street and Broadway, in the city of Oakland, practically a continuous headway of street cars and accordingly, considering the thirty-minute headway, all of applicant's business from Oakland would be through traffic from Oakland to the furthest reach of its line in Alameda—that is, on Route No. 1. It therefore can not be assumed that applicant will be able to carry a multiplicity of passengers in one direction, such as is done on occasions where street-car companies operate through a city, discharging and picking up passengers en route and thereby securing not only one fare, which would cover the entire journey, but two or more fares, with traffic identical to the seating capacity of the equipment. Similarly, the same condition would apply to routes Nos. 2 and 3, particularly in view of the fact that street cars are operated with considerable frequency over East Fourteenth street, covering the route paralleled by applicant herein, from High street into the business district of the city of Oakland. Further, it must be pointed out that the Transit Company issues transfers to connecting lines over its entire system operated as far as the Contra Costa County limits on the north and the San Leandro city limits on the east, a facility not offered or available by applicant herein.

Considering a daily cost of \$360 to operate minimum schedules proposed by applicant, we must further consider that for the first ten months of operation this applicant will be obligated to meet monthly payments on its ten units of equipment, amounting to \$6.750 per month, or, considering a thirty-day month, a total of \$225 per day. This would necessitate applicant's securing 11,700 full fares per day, or an average per trip amounting to 64 plus full-fare passengers per bus. Applicant's own liberal estimates of passenger traffic do not meet this average. In fact, the average is in excess of the total seating capacity of the busses proposed to be operated, and on taking into consideration that applicant proposes to commence this schedule at 6 a.m., discontinuing service at 12 midnight, it is beyond reason to assume that such an average would at any time, under the most optimistic estimates, be maintained.

A number of exhibits were introduced by the Transit Company showing the flow of traffic between Alameda and Oakland. Analyzing

several of these exhibits, they show the traffic moving towards Alameda on an average working-day runs from an average of twenty-three, between 5 and 6 in the morning, to a peak of 465 between 7 and 8 a.m. A lower average prevails throughout the day until from 4 to 6 in the evening, when the peak from Oakland to Alameda reaches a total of 900 passengers between the hours of 5 and 6, dropping some 550 between 6 and 7 to a low average of less than 20 at discontinuance of service. Considering the total of 900 passengers between the hours of 5 and 6, it is clear that applicant's proposed service of thirty-passenger busses on a thirty-minute headway would in no way tend to solve the transportation problem of the city of Alameda, nor would it even materially aid or alleviate the necessity for additional transportation service. The movement toward Oakland for the same day showed a peak between the hours of 7 and 8 of 600 passengers. The same condition would apply with reference to the operation of thirty-minute headway busses from Alameda to Oakland as proposed by applicant.

I do not think it necessary to further review in detail, exhibits admitted in evidence with reference to traffic conditions between the two cities affected, other than to comment upon the stress laid by witnesses called by applicant for the need of additional transportation service to adequately care for various industries located along the north shore of Alameda. This testimony must be materially discounted, principally due to the fact that while there are a number of large industries employing a considerable number of people, the evidence clearly shows that these industries commence operation at a specified hour in the morning and discontinue at a specified hour at night, practically all employees either arriving or leaving en mass. Certainly the service as proposed by applicant herein would not tend in any manner to adequately serve transportation requirements of these industrial employees.

In addition to its protest to the application herein, the Transit Company submitted a proposal which provided for the operation of a bus line on a fifteen-minute schedule, commencing at Santa Clara avenue, on Webster street to Central avenue, over Central avenue, to Fourth, to Haight, to Webster, and thence to point of commencement, this bus to connect with its streetcar service on Webster street, issuing transfers and providing a service to what is known as the west end district of Alameda and which is now without means of public transportation.

To serve the east end of Alameda they propose to also operate, under a fifteen-minute headway, a bus service, issuing transfers to its High street line; also to improve its traffic in the city of Alameda and to increase headway, as more fully set forth in detail in accordance with proposals submitted to the city council of the city of Alameda and in exhibits introduced in the application here under consideration.

After full consideration of the evidence introduced in this proceeding, together with exhibits and briefs filed by interested parties, I am of the opinion and hereby find as a fact that public convenience and necessity do not require the operation as proposed by applicant herein, but that public convenience and necessity do require the establishment of bus service as proposed by the Transit Company in the east and west ends of the city of Alameda and improvements to its electric railway system as proposed by the Transit Company to the city council of the city of Alameda, also as introduced as evidence in the instant proceeding, and in accordance therewith the application of the Peerless Stages, Incorporated, should be denied, with the express proviso that the Commission reserves the right to set aside such denial and reopen this application for further consideration if within a period of sixty days the Key System Transit Company, protestant, shall have failed to install improvements as proposed or has failed to secure an extension of time by showing that due diligence is being pursued in the installation of the improvements as contemplated.

I recommend the following form of order:

ORDER.

A public hearing having been held in the above entitled proceeding, evidence submitted, the Commission being fully advised and basing its order on the findings of fact as set forth in the opinion preceding this order;

It is hereby ordered, that the above entitled application be and the same hereby is denied, subject to the following conditions:

That the Railroad Commission reserves the right to set aside the denial herein and reopen this proceeding if within a period of 60 days from date of this order Key System Transit Company has failed to install fifteen-minute bus service in the east and west ends of the city of Alameda, as outlined in its proposal to the city council of Alameda and in exhibits introduced by said Key System Transit Company in this proceeding, and has failed to install improvements in its electric street railway system as proposed.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this twenty-eighth day of May, 1924.

DECISION No. 13624.

IN THE MATTER OF THE APPLICATION OF SOUTHERN CALIFORNIA TELEPHONE COMPANY FOR AN ORDER AUTHORIZING EXCHANGE AREAS IN THE TERRITORY SERVED; AUTHORIZING THE INTRODUCTION OF MEASURED SERVICE, AND AUTHORIZING JUST AND REASONABLE RATES, TOGETHER WITH RULES AND REGULATIONS APPERTAINING THERETO, FOR THE TERRITORY SERVED.

Application No. 9648.

Decided May 28, 1924.

RATES—TELEPHONE UTILITY—EXCHANGE AREA.—The Commission authorizes Southern California Telephone Company to establish a separate exchange for the Montebello area, and fixes rates for service within that area, and authorizes collection of a toll of 10 cents per call for Los Angeles calls.

Arthur Wright; Pillsbury, Madison and Sutro, by *H. D. Pillsbury*, and *James T. Shaw*, for the Applicant.

Jess Stephens, City Attorney, and *Milton Bryan*, Deputy City Attorney, for the City of Los Angeles.

Paul E. Schwab, City Attorney, for the City of Beverly Hills.

Fred Baker, City Attorney, for the City of Montebello.

R. V. Orbison, City Manager, and *Dudley Robinson*, City Attorney, for the City of South Pasadena.

W. B. Thompson, City Attorney, for the City of Huntington Park.

Carl Bush, for Hollywood Chamber of Commerce.

C. O. Youngstratten and *H. C. Pogue*, for the eastern part of Beverly Hills.

SEAVEY, SHORE, AND WHITTLESEY, Commissioners.

OPINION.

In this proceeding now pending before this Commission, Southern California Telephone Company, applicant, requests, among other things, that it be given authority to establish an exchange area to include the city of Montebello and vicinity, and that local rates for this exchange be fixed.

Montebello is a city having a population of approximately 2500 and is situated some nine miles east of Los Angeles, midway between Los Angeles and Whittier. At the present time, the city of Montebello is within the Los Angeles exchange area, but outside the Los Angeles primary rate area, and is furnished by applicant with Los Angeles exchange service under the Los Angeles exchange rates.

Telephone service normally furnished outside of a primary rate area is a ten-party service, commonly called "suburban service." Individual and party-line service, normally served within a primary rate area, may, however, be obtained by a subscriber outside of the primary rate area for the same rates, plus a mileage charge, based upon the distance between the subscriber's premises and the nearest point on the boundary of the primary rate area. At the present time, the average distance from the Los Angeles primary rate area to the center of Montebello is approximately four and one-half miles and, due to this distance, the charge for individual and party-line service in Montebello

is from two to three times the charge for the same grade of service in Los Angeles. The total number of telephone stations in Montebello is approximately one hundred and eighty (180).

Applicant proposes certain rates which it asks be made effective, provided it is given authority to establish the Montebello exchange area. A comparison of the present Los Angeles exchange rates, the various rates proposed by applicant, and rates now in effect in exchanges of California of similar size to Montebello, is shown in the following table:

COMPARISON OF RATES—INDIVIDUAL AND PARTY-LINE SERVICE.

Service	Present Los Angeles exchange rates		Rates proposed by Southern California Telephone Company			Existing rates applying in exchanges of similar size to Montebello
	Applying in Los Angeles P. R. A.	Applying in Montebello	Los Angeles exchange		Local rates for Montebello exchange	
			Applying in Los Angeles P. R. A.	Applying in Montebello		
	A	B	C	D	E	F
Business—						
Individual line -----	\$9 00	\$18 00	\$12 50	\$26 00	\$4 00	\$3 25 - \$2 75
Two-party line -----	7 00	13 30			3 50	2 75 - 2 25
Suburban -----		3 50		4 50	3 50	3 50
Residence—						
Individual line -----	3 75	12 75	5 50	19 00	2 75	2 50 - 2 25
Two-party line -----	3 00	9 30	4 25	13 25	2 25	2 00
Four-party line -----	2 25	6 75	3 25	9 55	2 00	1 75
Suburban -----		3 00		3 50	3 00	3 00

NOTE.—(1) Rate "A" is the present rate applying to unlimited Los Angeles exchange service furnished within the primary rate area of the Los Angeles exchange area.

Rate "B" is the present rate applying to unlimited Los Angeles exchange service in the city of Montebello. Rates for individual and party-line service, available in Montebello, are the primary rate area rates plus a mileage charge.

Rate "C" is the rate proposed by Southern California Telephone Company to apply to unlimited Los Angeles exchange service within the primary rate area of the Los Angeles exchange.

Rate "D" is the rate proposed by Southern California Telephone Company to apply to unlimited Los Angeles exchange service available in Montebello if the "Montebello Exchange" area is not established.

Rate "E" is the rate proposed by Southern California Telephone Company to apply to unlimited "Montebello Exchange" service within the proposed "Montebello Exchange" area.

Rate "F" shows the present rates for exchange service rendered in exchange areas throughout California of similar size to the proposed exchange area of Montebello.

(2) The rates as set forth in the above table apply to wall set type of telephones. Rates for desk set type of telephones are 25 cents in addition to the above rates.

(3) P. R. A. means "Primary Rate Area."

Under the present Los Angeles exchange rates, unlimited Los Angeles service is furnished in Montebello. Under rates applying to service furnished from the local exchange at Montebello, as proposed by applicant, unlimited Montebello service would be furnished and calls to and from Los Angeles would be charged for under the regular rates for toll service.

The reasonableness of applicant's request to establish an exchange at Montebello depends upon the economy of operation to be derived and the spread of rates resulting from the diversity of demand for service. It is a well-known fact that with an increased number of subscribers,

the rates for local service increase. In this particular, the operation of a telephone utility is different from that of other utilities. The converse of this is also true. With a decrease in number of subscribers, the rates for service are correspondingly lower. The establishment of an exchange at Montebello will result in a considerably lower rate for local Montebello service as compared with the rates applying in the Los Angeles exchange which, in turn, will be reflected in rates for that area.

The breaking up of a particular area into sections and the establishment of separate rates for local service rendered in each, based upon the operations of that section, is in reality a practical method of furnishing a measured service between communities. The extent to which this procedure should be carried depends largely upon the community interest between those sections and the desires of the subscribers as to the method of payment of the total revenue which the utility is entitled to receive in payment for furnishing the service.

Under public regulation, a utility is allowed to operate within a certain territory, in general, without competition and, provided adequate service be furnished, is entitled to receive, conditions allowing, a just and fair return, while the subscribers of that utility are equally entitled to demand and receive the service they desire and for which they are willing to pay. The method of payment of rates is fundamentally a subscriber's problem. Provided the total resulting revenue is equivalent to that which the company is entitled to receive, the particular method of payment of this revenue should meet with the demands, desires, and needs of the subscribers. To see that this end is accomplished is one of the utility's first duties to its subscribers.

Certain subscribers in Montebello have an interest in Los Angeles, while other subscribers have very little or no interest in Los Angeles, and the same is true of the Los Angeles subscribers, in reference to Montebello, but to a greater degree, there being relatively few of the total Los Angeles subscribers who have any particular interest in Montebello.

The establishment of a local exchange at Montebello will result in a lower average monthly charge to certain subscribers, both in Montebello and Los Angeles, and an increased charge to others, depending upon the number of Los Angeles-Montebello calls made. With the present Los Angeles exchange rates and with any rate which might be fixed for the Montebello exchange, the number of Los Angeles-Montebello calls which will result in identical charges with the present, above which the local rates plus toll charges will exceed the rates for the combined area and below which the reverse will apply, is a question involving the simplest of calculations. A more important result to be obtained by the establishment of this exchange is that the city of Montebello will receive a superior service compared with the present,

a service adapted to its particular needs, and a service at minimum cost

The question of the establishment of a local exchange has been discussed with the city of Montebello, its Chamber of Commerce, and its citizens, that the people of Montebello might have full knowledge of all facts involved and that they might be fully informed relative to the advantages and disadvantages of the various methods of operation; and further, that this Commission might be fully advised of their desires and needs.

The Railroad Commission has received the following communications from the city of Montebello and the Chamber of Commerce of that city:

CITY OF MONTEBELLO

April 23, 1924.

California State Railroad Commission,
Pacific Finance Building,
Los Angeles, California.

Gentlemen: At a regular meeting of the Board of Trustees of the City of Montebello held on Saturday, April 19th, 1924, the question of telephone service was considered and a resolution was adopted approving of the proposition of the Southern California Telephone Company to establish an exchange at Montebello.

Under instructions of the Board I am attaching hereto a certified copy of this resolution for your information.

Yours very truly,

(Signed) L. G. HERR,
City Clerk of the City of Montebello, California.

EXTRACT FROM MINUTES OF MEETING OF BOARD OF TRUSTEES OF
THE CITY OF MONTEBELLO, APRIL 19TH, 1924.

Trustee Cole offered the following resolution:

Be it resolved, by the Board of Trustees of the City of Montebello, that we hereby approve the request of the Southern California Telephone Company to have installed in the said City a local Telephone Exchange and base the rates for local service upon local conditions and service through such exchange, with the understanding that a charge of ten cents per call will be imposed upon service between the City of Montebello and the City of Los Angeles, and that the City Clerk be instructed to send a certified copy of this resolution to the Railroad Commission of the State of California and to the Telephone Company.

State of California }
City of Montebello } ss.

I, L. G. Herr, City Clerk of the City of Montebello, do hereby certify that the foregoing resolution was duly adopted by the Board of Trustees of the City of Montebello, California, and signed by the President of the Board at a regular meeting thereof held on the 19th day of April, 1924, and that the same was passed by the following vote, to wit:

Ayes—Trustees Wilber, Cole, Olds, Haskell and Stephens.

Noes—None. Absent—None.

(Signed) L. G. HERR,
City Clerk of the City of Montebello.

MONTEBELLO CHAMBER OF COMMERCE

Montebello, California, April 29th, 1924.

State Railway Commission,
Los Angeles, Cal.

Gentlemen: At a regular meeting of the Chamber of Commerce, held April 14th, 1924, after consideration of the Montebello telephone problem extending over a

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number of years, a motion was put and unanimously carried to request the Commission to direct the Southern California Telephone Company to immediately install a local exchange in the City of Montebello with a toll rate to Los Angeles on a rate basis and plan as that now in force in the City of Inglewood.

We have been advised by the Telephone Company that, in the event such action were taken, the unsightly wires as now exist will be removed and placed in conduits.

Hoping that the Commission will take immediate and desired action, we are

Yours very truly,

MONTEBELLO CHAMBER OF COMMERCE.

(Signed) FRED T. BEATY, President.

This Commission, after careful investigation of this matter, is of the opinion that a large majority of the present and future subscribers of Montebello will be better served by the establishment of a separate exchange at Montebello, and that this procedure will be in the interests of the telephone subscribers of the Los Angeles exchange, and that the establishment of this exchange will result in a better service, meeting the desires and needs of the subscribers.

Southern California Telephone Company, in its application, has proposed certain definite rates to apply in the Montebello exchange, somewhat higher than the rates now in effect for exchange service in cities of California of similar size to Montebello. The reasonableness of any rate which might be applied to Montebello can not now be ascertained and can not be fully determined until the present application, in which the Montebello situation is only a part, is submitted and decided. However, it is this Commission's opinion that there is no reason why the exchange at Montebello should not be established immediately, and such action need not be deferred until the final decision in this proceeding. Pending the completion of this proceeding, it seems reasonable to fix rates for Montebello exchange service similar to those rates now applying to service rendered in exchanges of similar size to Montebello. Accordingly, the order following will so provide. Upon the completion of the pending proceeding, the rates herein fixed will be subject to review relative to applicant's operations as a unit.

Applicant has also requested that certain boundaries be fixed defining a primary rate area and exchange area. From the conclusions of investigations by this Commission, we believe that applicant's proposal should be modified, as set forth in the order following.

The establishment of the local exchange at Montebello will require the Southern California Telephone Company to render toll service and will require the fixing of toll rates between Montebello and Los Angeles and other points. The charges for toll service between Montebello and Los Angeles and other points, as set forth in the order, are in accordance with the toll rates in effect generally throughout the state. This will result in an initial rate for two number service between Montebello and Los Angeles of ten cents (10¢) per call. The establishment of this exchange and these toll rates will have the practical result of reducing

the toll charges for calls from Montebello to points east, north and south, and correspondingly will raise the toll charges of calls to points west, depending upon the relative distance from Montebello and Los Angeles to these other points.

ORDER.

Southern California Telephone Company having made application to this Commission on December 29, 1923, proposing the institution of local exchange service as distinguished from local territorial exchange service, in certain parts of applicant's territory, and Southern California Telephone Company having amended this application on February 7, 1924, requesting that it be given authority, among other things, to establish a telephone exchange area at Montebello, and that rates for exchange service be fixed for said area, and that standard rates for toll service between said exchange and other exchanges be fixed; public hearings having been held; this Commission having received resolutions from the city of Montebello and from the Chamber of Commerce of Montebello requesting that an exchange be established at Montebello; the Railroad Commission having fully considered applicant's request, the request of the city of Montebello and all other evidence submitted, appertaining to this portion of the proceeding:

This Commission hereby finds that the establishment of a telephone exchange at Montebello, as hereinafter described, together with rates for exchange and toll service, as hereinafter set forth, will result in an economic operation and will be in the interests of the subscribers and the public of Montebello and Los Angeles exchange areas.

It is hereby ordered, that Southern California Telephone Company—

1. Establish an exchange area, hereafter called "Montebello Exchange," to include the city of Montebello and vicinity, as described in section (a) of Exhibit "A" attached hereto.
2. Establish a primary rate area within the "Montebello Exchange," as described in section (b) of Exhibit "A" attached hereto.
3. Commence construction work necessary to render Montebello exchange service to subscribers within the "Montebello Exchange" on or before June 20, 1924..
4. Furnish exchange service to all subscribers within the "Montebello Exchange" on and after August 1, 1924.
5. Furnish toll service from (to) Montebello to (from) other toll points on and after August 1, 1924.
6. Charge and collect rates for exchange service rendered on and after August 1, 1924, as set forth in section (c) of Exhibit "A" attached hereto.
7. Charge and collect rates for toll service rendered on and after August 1, 1924, as set forth in section (d) of Exhibit "A" attached hereto.

8. Discontinue furnishing Los Angeles exchange service to subscribers within the "Montebello Exchange" on and after August 1, 1924.

9. File with the Railroad Commission maps of the "Montebello Exchange" area and primary rate area, to show the boundaries as described in Exhibit "A" attached hereto, on or before June 20, 1924.

10. File with the Railroad Commission rates for exchange and toll service, as set forth in Exhibit "A" attached hereto, on or before June 20, 1924.

11. File with the Railroad Commission information within five (5) days after construction work is commenced, showing that the order as contained in section (3) above is complied with.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this twenty-eighth day of May, 1924.

In the Matter of the Application of Southern California Telephone Company for an order authorizing exchange areas in the territory served; authorizing the introduction of measured service, and authorizing just and reasonable rates, together with rules and regulations appertaining thereto for the territory served.

EXHIBIT "A"

In Decision No. 13624

In Application No. 9648

Section (a)

Description of Exchange Boundary of "Montebello Exchange."

Commencing at a point of intersection of Mesa drive and southern boundary of the Alhambra exchange area of The Pacific Telephone and Telegraph Company and western boundary of Whittier Home Telephone and Telegraph Company; thence in a westerly direction along the southern boundary line of said Alhambra exchange area and extension thereto to the intersection of an extension of a line parallel to Amalia avenue and located midway between the center lines of Amalia avenue and Hill View; thence south along said line parallel to Amalia avenue and located midway between the center lines of Amalia avenue and Hill View to the intersection of Los Angeles and Salt Lake Railroad Company's right of way; thence in a southwesterly direction along a line parallel to Camfield avenue to a river bed; thence along said river bed to Pacific Electric Railway Company's right of way; thence in an easterly direction along said Pacific Electric Railway Company's right of way to Rio Hondo River, the western exchange boundary of Whittier Home Telephone and Telegraph Company; thence in a northeasterly and northwesterly direction along said western exchange boundary of Whittier Home Telephone and Telegraph Company to point of beginning.

Section (b)

Description of Boundary of Primary Rate Area of "Montebello Exchange."

Beginning at a point located on the eastern boundary of the "Montebello Exchange," at the intersection of the Rio Hondo River and a line parallel to and located two hundred (200) feet north of Dewey avenue; thence in a westerly direction along said line parallel to and located two hundred (200) feet north of Dewey avenue to the intersection with a line parallel to and located two hundred (200) feet east of Poplar avenue; thence north along said line parallel to and located two hundred (200) feet east of Poplar avenue to the intersection with a line two hundred (200) feet north of and parallel to Lincoln avenue; thence in a westerly direction along said line parallel to and located two hundred (200) feet north of Lincoln avenue to the intersection with a line running due north and south, which line intersects the center line of Whittier road at a point two hundred (200) feet west of the center line of Oak avenue, measured along the center line of Whittier road; thence due south along said line intersecting Whittier road at a point two hundred (200) feet west of the center line of Oak avenue to the center line of Whittier road; thence in a southwesterly direction along a line at right angles to Whittier road to the Los Angeles and Salt Lake Railroad Company's right of way; thence in an easterly direction along the center line of the Los Angeles and Salt Lake Railroad Company's right of way to the intersection with a line parallel to Vall avenue and located two hundred (200) feet west of the center line of Vall avenue; thence in a southwesterly direction along a line parallel to Vall avenue and located two hundred (200) feet west of the center line of Vall avenue to the intersection with a line parallel to Ash street and located midway between Ash

and Beach streets; thence in a southeasterly direction along said line parallel to Ash street and located midway between Ash and Beach streets to Rio Hondo River; thence along Rio Hondo River to the point of beginning.

Section (c)

Rates for Exchange Service.

Schedule No. A-1.

Exchange Service.

General service.

Applicable to individual and party line service within the primary rate area of the Montebello exchange.

Rate.

(a) Business flat rate service—	Rate per month per station	
	Wall set	Desk set
Each individual line station-----	\$3 00	\$3 25
Each two-party line station-----	2 25	2 50
Each extension station-----	1 00	1 25

(b) Business coin box service—	Rate per day, including two exchange messages	Each additional exchange message
Each individual line wall station-----	\$0 10	\$0 05
Rate for an individual line desk station is the above rate plus \$0.25 per month.		
Each extension station—		
Wall set -----	\$1 00 per month	
Desk set -----	1 25 per month	

(c) Residence flat rate service—	Rate per month per station	
	Wall set	Desk set
Each individual line station-----	\$2 50	\$2 75
Each two-party line station-----	2 00	2 25
Each four-party line station-----	1 75	2 00
Each extension station-----	75	1 00

Schedule No. A-2.

Exchange Service.

Joint user service.

Applicable to joint user service rendered throughout the entire territory served.

Rate.

	Rate per month
Individual business flat rate service-----	\$1 50
Individual line coin box service-----	25

The applicability of joint user service is determined by the obvious or actual use made of the service.

The rate for joint user service includes a listing in the telephone directory and applies in addition to the rates and charges for the facilities and all other service provided. The rate for joint user service is applicable and is furnished upon applications made by the subscriber as follows:

1. Applications for the use of the subscriber's service by any individual, firm, company or association occupying jointly or in part the premises in which the primary station is located. The subscriber's facilities or service are not to be extended outside the premises to provide joint user service.

2. Applications for the use of the subscriber's service for another business conducted by the subscriber and differing in character and subject to a different classification from that for which the facilities are provided.

In the case of individuals, firms, companies and associations engaged in the same business or profession, utilizing a common reception room with offices entering thereon or adjoining thereto, one of the number may become the subscriber and the remainder joint users. If the individuals or members of a firm, company or association file a joint income tax return, that will be accepted as sufficient evidence of a single business, and joint user service is not applicable. Whenever any individual member of a firm, company or association does not substantially participate in the earnings of his fellow members of such firm, company or association, then that fact shall be conclusive evidence that he is a joint user and the joint user rate is applicable.

Schedule No. A-4.

Exchange Service.

Mileage rates.

(a) Individual, two and four-party service within the suburban area—

The following mileage rates apply to individual, two and four-party service rendered within the suburban area outside the primary rate area, in addition to the general service rates applying to those services.

Service	Rate per each one-quarter mile or fraction thereof per month
Each individual line primary station-----	\$0 50
Each two-party line primary station-----	35
Each four-party line primary station-----	25

The above rates are based on air-line distance measured between the subscriber's primary station and the nearest point on the boundary of the Primary Rate Area.

(b) **Extension station—**

The following mileage rates apply to extension stations located outside the subscriber's premises, within the Primary Rate Area or Suburban Area:

	Rate per each one-quarter mile or fraction thereof per month
Each extension station -----	\$0 50

The above rate is based on route mileage, which is the lineal length of the actual circuit required.

Schedule No. A-5.

Exchange Service.

Private lines.

Applicable to private lines throughout the territory served.

Rate.

	Rate per month
Each circuit between locations one-half mile or less apart, route mileage-----	\$1 50
Each additional quarter-mile or fraction, route mileage-----	75
Each telephone and battery:	
Wall station -----	1 00
Desk station -----	1 25
Above rate includes battery renewal.	

Private lines are provided within the exchange area. They are provided solely for communication between the stations thereon and are not permitted to be connected with exchange service lines.

Schedule No. A-6.

Suburban service.

Applicable to suburban service of not more than ten parties per circuit within the suburban area of the Montebello exchange.

Rate.

	Rate per month per station	
	Wall set	Desk set
Business service -----	\$3 50	\$3 75
Residence service -----	3 00	3 25

In no case will the total number of stations connected to one circuit exceed ten stations.

Schedule No. A-7.

Exchange Service.

Public pay station service.

Applicable to service from nonlisted public telephone stations throughout the entire exchange area.

Rate.

Each exchange message -----	\$0 05
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Section (d).

Rates for toll service.

Rates for toll service between Montebello and other toll points are the rates determined in accordance with the terms and conditions of Order No. 2495, dated December 13, 1918, and Order No. 2797, dated February 17, 1919, amendatory thereto, of the Postmaster General of the United States; provided, however, that as to any toll points on a connecting line over which rates established by the Postmaster General do not apply, the rate shall be the sum of the rate between Montebello and the connecting point on such line to which such rates established by the Postmaster General do apply, and the rate in effect between this connecting point and the toll point.

DECISION No. 13626.

IN THE MATTER OF THE APPLICATION OF EAST BAY MUNICIPAL UTILITY DISTRICT THAT THE RAILROAD COMMISSION FIX AND DETERMINE THE JUST COMPENSATION TO BE PAID FOR THE PROPERTIES AND RIGHTS AND FOR THE WATER SUPPLY AND DISTRIBUTION SYSTEM OF THE EAST BAY WATER COMPANY.

Application No. 9968.

Decided May 29, 1924.

JURISDICTION—WATER UTILITY—MUNICIPAL UTILITY DISTRICT—CONDEMNATION VALUE.—Application of East Bay Municipal Utility District for the fixing of just compensation to be paid for the condemnation of East Bay Water Company's plants, properties and distributing system dismissed, pending adjudication by State Supreme Court of Commission's jurisdiction, which is questioned by respondent company.

Edward F. Treadwell and *Wm. J. Locke*, for Applicant.

McKee, Tasheira and Wahrhaftig, by *A. G. Tasheira*, for East Bay Water Company, Mercantile Trust Company of California, Union Trust Company and Wells Fargo Bank.

BY THE COMMISSION.

OPINION.

On April 1, 1924, the East Bay Municipal Utility District filed its petition, setting forth its intention to initiate such proceedings as may be required by law to submit to its voters a proposition to acquire under eminent domain proceedings all the lands, properties and rights of every kind and character belonging to the East Bay Water Company, a public utility, with the single exception of that company's water plant at Newark, Alameda County. These several properties are situated in the counties of Contra Costa and Alameda, and together form the water system used by said East Bay Water Company in supplying water to the territory embraced by petitioner, and to certain territory adjacent thereto. In addition to the East Bay Water Company, the petition names as owners or claimants of these properties the Union Trust Company of San Francisco, the Wells Fargo Bank and Union Trust Company, the Mercantile Trust Company of San Francisco and the Mercantile Trust Company of California, and asks this Commission to fix and determine the just compensation to be paid by petitioner for said lands, properties and rights. Detailed statements listing these several properties are contained in exhibits attached to the petition, and in an amendment thereto, which petitioner obtained leave to file.

Upon the filing of said petition, we issued our order to show cause, as required by section 47 of the Public Utilities Act, directing the named owners and claimants of these properties to appear and show cause, if any they might have, why we should not proceed to hear said

petition and to fix the just compensation to be paid for said lands, properties and rights.

In response to this order, the East Bay Water Company, the Wells Fargo Bank and Union Trust Company and the Mercantile Trust Company of California filed separate returns in substantially identical form, denominated "Special Appearance in Answer to the Order to Show Cause," wherein a number of specific objections to the proceeding are raised. These objections are: (1) That this Commission has no jurisdiction to grant any relief to petitioner, for the reason that article XII, section 23a of the constitution of California defines and limits the power of this Commission to fix just compensation upon the request of the state and of certain enumerated political subdivisions thereof, of which, it is declared, petitioner is not one, and that the provisions of section 47 of the Public Utilities Act, in purporting to supplement this enumeration of political subdivisions and grant power to the Railroad Commission to fix such compensation at the request of a "municipal utility district," is an unconstitutional extension of this grant of power; (2) that petitioner in any event does not possess power to condemn and thereafter acquire and operate those properties because it appears on the face of the petition that some of them are situated without the boundaries of petitioner, and also because these properties comprising the water system of the East Bay Water Company are dedicated to the public use of territory both within and without petitioner's boundaries, and petitioner has no lawful power to supply water to persons without its boundaries; (3) that the proceeding contravenes the provisions of sections 1240 and 1241 of the Code of Civil Procedure; (4) that petitioner is not one of the political subdivisions specifically granted authority by section 1243 of the Code of Civil Procedure to condemn in a single action property located in more than one county, as are the properties here in question; and (5) that the petition does not show that the use to which these properties are proposed to be put by petitioner is a more necessary public use than that to which they are already appropriated, that the present service of the East Bay Water Company is inadequate, or that the public interest would be subserved by the acquisition of these properties by petitioner. We are asked to vacate and set aside the order to show cause and to dismiss this petition.

The constitutional provisions creating the Railroad Commission and authorizing the legislature to confer upon it broad powers of control over public utilities did not, in express terms, grant to the legislature authority to confer upon the Commission the power of fixing just compensation to be paid in cases in which the state or some municipality or other political subdivision should desire to take property of some public utility under eminent domain. (Art. XII, Secs. 22 and 23.)

Also, the original Public Utilities Act, passed in 1911 pursuant to these new constitutional provisions, while conferring upon the Railroad Commission general authority to value the property of public utilities (presumably for purposes incidental to regulation (Sec. 47)) did not provide specifically for the fixing of value for condemnation purposes. In 1913, however, the legislature amended the Public Utilities Act to vest such power in the Commission upon application for a valuation of public utility property by "any county, city and county, incorporated city or town or municipal water district" (Stats. 1913, Chap. 339). This was followed in 1915 by an amendment, adding the words "county water district, irrigation district, public utility district, or any other public corporation" to the list of political subdivisions upon whose request such valuation might be made (Stats. 1915, Chap. 91).

In 1914, a new constitutional provision was adopted (Sec. 23a, article XII) specifically authorizing the legislature to confer powers upon the Railroad Commission "to fix the just compensation to be paid for the taking of any property of a public utility in eminent domain proceedings by the state or any county, city and county, incorporated city or town, or municipal water district." It is to be noted that this constitutional provision includes "the state" and the public bodies mentioned in the 1913 amendment to section 47, but does not mention the other public bodies which the legislature added to section 47 by its act of 1915. The net result, therefore, is that the Railroad Commission is required by the Public Utilities Act to value the properties of public utilities for condemnation purposes upon petition of various public bodies, including municipal utility districts, whereas the constitutional provision purporting to grant authority to the legislature to enact such a statute does not include such a district in its list of public bodies for whom such valuation may be made. This fact is relied upon by counsel for the owners and claimants herein as a fatal objection to our jurisdiction over this matter, under the familiar maxim, *expressio unius est exclusio alterius*.

In the case of *Pacific Tel. & Tel. Co. vs. Eshleman*, 166 Cal. 640 (1913), decided prior to the adoption of section 23a of article XII, the State Supreme Court discussed the question whether power could constitutionally be vested in the Railroad Commission to assess damages to be paid for the taking of public utility property in eminent domain, in view of the constitutional provision (Art. I, Sec. 14) declaring that such compensation shall be assessed by a jury and paid into court, and declared that "the requirement of a jury and of prepayment of damages is not a part of the federal constitution nor of that of many of our states," adding:

It is certainly true that in the vast modern development of public utilities in their multifarious activities, in their complicated interrelations, where a taking of property is involved, a great saving of time and a more just award may be expected from

a learned, skilled and dispassionate tribunal such as the Railroad Commission than can ever be hoped for from the haphazard verdicts of juries. And very good reasons therefore appear, why, for the benefit of the state as well as for the benefit of the public service companies, awards as to the latter should be made by this body and not by a jury.

In the case of *Marin Water & Power Co. vs. Railroad Commission*, 171 Cal. 706, the court had before it a case in which proceedings before the Commission for a valuation of exactly the type here in question had been begun, and substantially all of the evidence had been taken before the adoption of section 23a. Because of a stipulation on the part of the utility in question expressly waiving any objection because of the enactment of section 47 before this amendment to the constitution, the court was not forced to face this problem of the validity of section 47 in the absence of such constitutional authority, and throughout its opinion it refrained from deciding the question, merely mentioning the doubt that had arisen and adding that the constitutional amendment "of course removes all doubt." What the court might have declared had this matter been squarely brought before it was not hinted, although the above-mentioned discussion in the *Pacific Telephone Company* decision lends color to the theory that this power could lawfully have been conferred upon the Railroad Commission under the broad provisions of sections 22 and 23 of article XII and in the absence of the specific validating provisions of section 23a. If this be true, the problem of construing section 23a need not here be resolved, for full power to include municipal utility districts as proper parties petitioner in such cases would then have rested in the legislature, and section 47 of the Public Utilities Act is entirely valid.

The answer to this inquiry lies, we believe, in ascertaining whether or not the fixing of value for purposes of condemnation is a matter germane to the regulation and control of public utilities. If it is germane to such regulation it would appear that the doubt which gave rise to the demand for section 23a of the constitution had small basis in fact, whereas, if it is not germane to such regulation, that amendment was necessary and the enumeration of political subdivisions which it contains may constitute a limitation on the authority of the legislature to confer such powers on the Commission.

Our attention has been called to other provisions of the Public Utilities Act under which the Commission exercises undoubted regulatory powers over the acquisition and disposal of property dedicated to public use. Under section 51, for example, no public utility may voluntarily sell or otherwise dispose of any of its property used or useful in public service except upon the approval of the Commission. Section 41 authorizes the Commission, under certain conditions, to require the use by one utility of the property belonging to another and to fix the just compensation to be paid for such use. Further-

more under section 43, the Commission is authorized to fix the just compensation to be paid for property taken or damaged in connection with grade crossing separation. Such provisions, it is argued, show the intention of the legislature to provide a complete scheme of regulation and to include therein the power in the regulatory body to fix the just compensation to be paid for public utility property sought to be taken in any condemnation proceeding. But, however persuasive this contention may appear, it must be recognized that in all of the instances above noted wherein the statute authorizes the Commission to supervise the disposal of property or fix just compensation therefor, this authority, in each instance, is incidental to the exercise of some other power clearly regulatory in character. That this is true as to the authority granted by section 47 is not clear. Furthermore, if all the provisions of section 47 are germane and cognate to regulation, and therefore within the scope of powers granted to the legislature under sections 22 and 23, article XII, what purpose was served by the adoption of section 23a and what effect can be given to its provisions that was not already completely covered by sections 22 and 23? If, as suggested, section 23a was adopted only out of "abundance of caution," is it not equally true that this same abundance of caution prompted the limited enumeration in that section of the political bodies at whose instance valuations could be made by the Railroad Commission for condemnation purposes? Such doubts as these, we feel, are the strongest objections to our jurisdiction to proceed in this matter, and in the face of such doubts, we think we should not proceed with a long and expensive hearing, investigation and valuation until the Supreme Court has had this matter brought to its attention and has directed us to proceed.

The other objections raised by these owners or claimants do not deal directly with the question whether this municipal utility district is a proper party petitioner before this Commission, but rather with the right of such a district to acquire such properties by a proceeding in eminent domain subsequent to whatever valuation we might make.

Section 47 of the Public Utilities Act provides that upon the filing of any petition for a valuation of any public utility property for the purposes of condemnation, the Commission shall make and serve upon the named owners or claimants of such property its order to show cause why it should not proceed to hear the petition and to fix the just compensation to be paid for such property. This provision was inserted in this section, in our opinion, for the express purpose of affording opportunity to the owners or claimants of the property in question to appear and raise any objection they might have to further proceedings upon the petition, including objections to the capacity of the petitioner to bring action to condemn the properties or to operate them, if

acquired, as well as objections dealing with the technical jurisdiction of this Commission to make the valuation.

The objection has been made that this petitioner has no power to condemn and thereafter to operate these properties because the petition shows upon its face that they are situated partly within and partly without petitioner's boundaries, that they constitute one indivisible water system, and are dedicated to the public use of an extensive territory, part of which is without the boundary of petitioner. It is urged that petitioner has no power to operate a water utility to supply water to such outside territory, and that if it obtained possession of these properties the persons there situated would be deprived of a vested right in these properties without compensation and contrary to law. The further objection that such condemnation of these properties would contravene the provisions of sections 1240 and 1241 of the Code of Civil Procedure is closely allied to that mentioned above.

To these objections petitioner replies that it seeks only to take these properties subject to whatever obligations of service to which they may now be dedicated. This fact is relied upon as distinguishing this case from that of *Mono Power Co. vs. Los Angeles*, 284 Fed. 784, in which the City of Los Angeles sought to take property entirely away from territory to whose use it had been devoted. With reference to its power to sell water outside its territory, petitioner declares that it is, in effect, a municipal corporation, and therefore has authority to render such service, under the express provisions of section 19, article XII of the constitution. Petitioner urges that the prohibitive clauses of sections 1240 and 1241 of the Code of Civil Procedure do not apply to the present case, in which it is alleged that only seven per cent of the territory to the public use of which these properties are devoted lies outside of petitioner's boundaries. In any event, says petitioner, to hold that the prohibitive clauses of sections 1240 and 1241 apply to halt public corporations from acquiring such properties and not to prevent private corporations from so doing would be discriminatory and unconstitutional.

The next objection to be considered deals with the fact that the properties here sought to be taken are situated within more than one county. Section 1243 of the Code of Civil Procedure provides that when the condemning party is a county, city and county, incorporated city or town, or municipal water district, and the properties which it seeks to take are so situated, it may, at its option, bring the condemnation proceeding in any county in which any of the property sought to be taken is situated, and petitioner contends that because, by section 12, subdivision 6 of the act under which it is organized (Stats. 1921, p. 245), it is given power to act with respect to eminent domain as a municipal corporation, it is one of the public bodies specifically allowed by section 1243 to condemn such properties in a single action. More-

over, says petitioner, these properties are a single unit, and may, therefore, only logically be taken in one action.

The last objection specifically raised by these owners and claimants is that the petition does not show that the use to which petitioner proposes to devote these properties is a more necessary public use than that to which they have already been appropriated, nor that the East Bay Water Company's present service is inadequate, nor that it would be to the public interest for petitioner to acquire and operate these properties. The answer to these objections, says petitioner, is that it is taking these properties for the purpose of continuing their devotion to a public use similar to that to which they are now devoted, and that therefore no proof of more necessary public use need be made. In addition, it is contended that since, by statute, petitioner is given authority to acquire and operate such properties, it is to be assumed that such acquisition and operation is in the public interest, and no proof need be made that the East Bay Water Company is rendering inadequate service.

As to the last objection, it is our opinion that no valid doubt exists as to petitioner's right to acquire and operate these properties, but the other objections discussed above appear to us to raise important questions in relation to petitioner's authority to proceed with this condemnation. In the ordinary case we would assume that the statutory provisions under which this Commission acts are valid, and that if any one of them is to be declared invalid, this must be done by the courts, and not by this Commission (*In re Marin Municipal Water District*, 6 C. R. C. 507, 511). But where, as here, substantial objections as to our jurisdiction have been raised, and extraordinary expense and a great deal of time and effort would be entailed by going ahead under the statute, we are forced to the conclusion that public interest demands that we refuse to act until the matter has been adjudicated and our authority to proceed has been determined by the Supreme Court. This result may be obtained by a dismissal of the present petition, followed by application to the Supreme Court by petitioner, or some other interested party, for a writ of mandate to compel the Commission to proceed. This course was pursued in the cases of *Civic Center Association vs. Railroad Commission*, 175 Cal. 441, and *Hollywood Chamber of Commerce vs. Railroad Commission*, 66 Cal. Dec. 521, in each of which the Commission, although believing that it possessed jurisdiction, dismissed the complaints in order to bring about speedy and authoritative determination of important jurisdictional questions before proceeding with long and expensive investigations and hearings.

ORDER.

For the reasons above stated,

It is hereby ordered, that the petition of the East Bay Municipal Utility District herein be and the same is hereby dismissed.

Dated at San Francisco, California, this twenty-ninth day of May, 1924.

DECISION No. 13627.

IN THE MATTER OF THE APPLICATION OF THE CALIFORNIA-OREGON POWER COMPANY, A CORPORATION, FOR AN ORDER OF THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA (A) APPROVING ITS AGREEMENT WITH PACIFIC GAS AND ELECTRIC COMPANY; (B) AUTHORIZING THE ISSUE AND SALE OF TWO MILLION FIVE HUNDRED THOUSAND DOLLARS OF SERIES "B" BONDS; (C) AUTHORIZING THE ISSUE AND SALE OF ONE MILLION FIVE HUNDRED THOUSAND DOLLARS OF SEVEN PER CENT, TWENTY-YEAR SINKING FUND DEBENTURES; (D) AUTHORIZING THE ISSUE AND SALE OF ONE MILLION DOLLARS OF PREFERRED STOCK.

Application No. 10057.

Decided May 31, 1924.

Morrison, Dunne and Brobeck, by *Herman Phleger*, for The California Oregon Power Company.

C. P. Cutten and R. W. Duval, by *R. W. Duval*; for Pacific Gas and Electric Company.

BRUNDIGE, *Commissioner*.

OPINION.

In this application, as amended at the hearing, the Railroad Commission is asked to make an order authorizing The California-Oregon Power Company and Pacific Gas and Electric Company to execute an agreement for the sale and purchase of electric energy, and authorizing The California-Oregon Power Company to execute a trust indenture and to issue common and preferred stock, bonds and debentures in the amounts and for the purposes hereinafter set forth.

The California-Oregon Power Company was organized on or about October 16, 1920, with an authorized capital stock of \$15,000,000, divided equally into common and 7 per cent cumulative preferred. By Decision No. 8723, dated March 10, 1921 (Vol. 19, Opinions and Orders of the Railroad Commission of California, page 477), the company was authorized to acquire the properties of The California-Oregon Power Company and to issue \$2,220,000 of preferred stock and \$4,440,000 of common stock in exchange for bonds and unpaid interest of California-Oregon Power Company. Since March 10, 1921, the Commission has authorized The California-Oregon Power Company to issue and sell additional preferred stock in the amount of \$1,200,000. On March 31, 1924, the total stock outstanding was reported at \$7,654,300, consisting

of \$4,441,100 of the common and \$3,213,200 of the preferred. In addition, preferred stock subscriptions of \$177,200 were reported. As of the same date the company's bonded indebtedness was reported at \$4,740,500, including \$1,953,500 of first and refunding mortgage series "A" 7½ per cent bonds due 1941, \$2,000,000 of first and refunding mortgage series "B" 6 per cent bonds due 1942, \$597,000 of Rogue River Electric Company's 5 per cent bonds due 1937, and \$190,000 of Klamath Power Company's 6 per cent bonds due 1931.

For the years ending December 31st the company reports its revenues, operating expenses and other charges against revenues as follows:

<i>Account</i>	<i>1922</i>	<i>1923</i>
Operating revenues -----	\$1,036,650 23	\$1,363,410 26
Operating expenses -----	439,570 91	581,061 95
Net operating revenues -----	\$597,079 32	\$779,348 31
Nonoperating revenues -----	30,169 18	7,640 45
Gross income -----	\$627,248 50	\$786,988 76
Deductions:		
Interest on funded debt -----	\$212,437 55	\$253,643 22
Other interest -----	4,430 87	20,047 56
Depreciation -----	182,981 70	238,242 23
Amortization of debt discount and expense -----	11,823 01	18,664 73
Uncollectible bills -----	8,216 69	10,542 01
Other deductions -----	629 89	505 93
Total deductions -----	\$420,519 71	\$541,645 68
Profit for year -----	\$206,728 79	\$245,343 08

The depreciation should be included in operating expenses, resulting in a corresponding deduction in the gross income.

The California-Oregon Power Company is engaged in the business of generating, distributing and selling electric energy in the counties of Jackson, Josephine, Klamath, Douglas and Lane, in Oregon, and in Siskiyou, Shasta and Trinity in California; and in developing, storing, distributing and selling water in the cities of Klamath Falls and Roseburg in Oregon and in the town of Dunsmuir in California. The company's 1923 annual report shows that its electric generating plants have a capacity of 38,025 kilovolt amperes.

The present application shows that the company proposes to construct a hydro-electric generating plant, to be known as "Copeco No. 2," and a transmission line from the plant to Delta, California. The new plant, which will be located on the Klamath River about one and one-quarter miles below the present Copeco No. 1 plant, will have an installed generating capacity of 30,000 kilovolt amperes and will be operated under a static head of 156 feet. The application indicates that the hydraulic structures will consist of a small concrete diversion dam to be constructed across the Klamath River and about 1000 feet below the company's Copeco No. 1 plant; two concrete-lined tunnels 16 feet in

diameter, one 2470 feet long and one 1275 feet long; 1200 feet of wood-stave pipe 15 feet in diameter; and two riveted steel pressure lines, each 730 feet long and 12½ feet in diameter. The power plant building will be approximately 60 feet by 120 feet, and will house two vertical hydro-electric units each of 15,000 kilovolt amperes capacity with the necessary auxiliary equipment. Provision is made for appropriate substation equipment.

A 110,000 volt transmission line will be constructed extending from the new hydro-electric plant to Delta, passing through Weed, Sisson, Dunsmuir and Castella, a distance of about 82 miles, paralleling closely the present 66,000 volt line. At Delta the new line will connect with another new line of similar type to be constructed by Pacific Gas and Electric Company from Delta to Cottonwood, a distance of about 43 miles. The proposed line will consist of 250,000 circular mill cables, supported on wooden structures made up of wooden poles spaced approximately 600 feet.

The cost of the hydro-electric plant, transmission line and appurtenances is estimated by the company at \$3,690,095 distributed as follows:

A. Hydro-electric plant		\$2,915,000 00
Lands	\$10,000 00	
Camps	25,000 00	
Construction plant	150,000 00	
Dam and intake	229,500 00	
Conduits	740,000 00	
Surge chamber and penstock	300,000 00	
Power house	185,000 00	
Hydraulic equipment	105,000 00	
Electrical equipment	422,500 00	
Undistributed items, engineering, superintendence, contingencies and overhead	688,000 00	
B. Transmission line		775,095 00
Rights of way and survey	\$143,265 00	
Transmission poles and fixtures	172,496 00	
Transmission overhead system	310,225 00	
Transmission switches	6,997 00	
Communication system	24,857 00	
Undistributed items	116,255 00	
Maintaining service during construction	1,000 00	
Total		\$3,690,095 00

In addition to these expenditures the company estimates that during 1924 it will have to expend approximately \$1,534,500 for additions and betterments. The items making up the \$1,534,500 are shown in The California-Oregon Power Company's Exhibit No. 2 as follows:

East Side power plant, Klamath Falls	\$575,000 00
Increasing voltage, lines 1, 3 and 4	112,000 00
Line extension, Lucerne substation to Weed	60,000 00
Rebuilding lines 3 and 7	103,000 00
Engineering, investigation and projected development	41,000 00
Siskiyou division betterments	50,000 00
Umpqua division betterments	19,000 00

Rebuilding distribution system, Ashland-Gold Ray-----	\$19,000 00
Increasing drain line to 11 kilovolts -----	16,000 00
Completion Roseburg substation -----	17,000 00
New reservoirs and mains, Klamath Falls-----	15,000 00
Bus at Gold Ray for 60,000 volt changes-----	10,000 00
Miscellaneous additions and betterments -----	497,500 00
Total -----	\$1,534,500 00

To obtain the moneys necessary to pay in part for the construction work referred to herein, The California-Oregon Power Company proposes to issue and sell \$2,500,000 of its first and refunding mortgage series "B" 6 per cent bonds due February 1, 1942; \$1,500,000 of twenty-year 7 per cent debentures due May 1, 1944; and \$1,000,000 of its 7 per cent cumulative preferred stock. The company asks permission to sell its bonds at 95 per cent of face value plus accrued interest, its debentures at 94.5 per cent of face value plus accrued interest and its stock at not less than 95 per cent of par value. It also asks permission to use of the proceeds received from the preferred stock an amount not exceeding \$2 per share of stock sold to pay selling and other expenses incident to the sale of the stock. The company further asks permission to issue temporary certificates pending final execution and delivery of the bonds and debentures, such temporary certificates to be subsequently exchanged for such bonds and debentures.

The bonds will be callable, as a whole or in part, at the option of the company on sixty days' notice, on any interest payment date, at 107½ and accrued interest up to and including February 1, 1927, and thereafter at a premium equal to one-half of one per cent for each year or fraction thereof of the unexpired term of the bonds.

The Commission is asked to authorize The California-Oregon Power Company to execute a trust indenture defining the terms and conditions under which \$2,000,000 face value of debentures may be issued. If permitted to do so, the company will issue forthwith \$1,500,000 of the debentures. As to the remaining \$500,000 of debentures, the indenture provides that they may be certified by the trustee only when the net income of the company for any twelve calendar months period in the previous fourteen calendar months period ending on the last day of the month previous to the date upon which application is made for the certification of such additional debentures, shall equal at least three times the annual interest on all debentures outstanding at the date of such application and on those debentures proposed to be issued, and shall also equal at least twice the amount required during the succeeding twelve months period for the payment of interest and sinking fund payments on the debentures then outstanding and on those proposed to be issued. The debentures are to be dated May 1, 1924, mature May 1, 1944, and bear interest at the rate of 7 per cent per annum. They are callable at the option of the company, as a whole or in part, on sixty

days' notice, on any interest payment date at a premium equal to one-quarter of one per cent for each year or fraction thereof of the unexpired term of the debentures. The debentures will not be a lien on any property. The company, however, agrees that it will not, so long as any of the debentures are outstanding, create any new mortgage or deed of trust upon its present properties to secure an issue of its notes, bonds or other obligations without providing for the security by such new mortgage or deed of trust of all of the debentures then outstanding equally and ratably with all other indebtedness secured by such new mortgage or deed of trust. The company further agrees that on May 1st and November 1st of each year, while any of the debentures are outstanding, it will pay to the trustee (Mercantile Trust Company of California) a sum in cash estimated as follows:

A sum equal to four and three-quarters ($4\frac{3}{4}$) per cent of the par value of all debentures which have at any time been issued, less the par value of any of such debentures which have, at the time of said payment, been retired by conversion into common stock of the company.

Of the sums of money paid to the trustee, the trustee shall apply such an amount as shall be necessary to the payment of interest then due on the debentures, and shall apply the balance to the purchase and redemption of debentures. The debentures, at the option of the holders thereof, are convertible into shares of common stock of the company at seventy-five; that is, on the basis of \$300 face value of debentures for \$400 par value of common stock. If the \$1,500,000 of debentures which the company now asks permission to issue were converted into common stock, the company would have to issue \$2,000,000 of common stock. At the hearing the application was amended and permission asked to issue \$2,000,000 of common stock to refund the \$1,500,000 of debentures.

The Commission is asked to approve an agreement between The California-Oregon Power Company and Pacific Gas and Electric Company. A copy of this agreement was filed with the Commission on May 23, 1924. The agreement requires The California-Oregon Power Company to proceed as rapidly as possible with the construction of the hydro-electric plant and the 110,000 volt transmission line of 40,000 kilowatt capacity from the plant to Delta, to which reference has been made. The Pacific Gas and Electric Company will receive power at Delta, and transmit it over a line which it is to construct and maintain from Delta to Cottonwood. Power will be measured at 110,000 volts at Cottonwood. Beginning upon the date of the completion of the hydro-electric generating plant and continuing thereafter during the term (25 years) of the agreement, Pacific Gas and Electric Company shall purchase and receive from The California-Oregon Power Company all of the electric energy up to, but not exceeding, 20,000 kilowatts at 70 per cent monthly load factor generated at each plant. The Pacific Gas and Electric Company shall pay for the electric energy four and one-half

(4½) mills for each kilowatt-hour of the 20,000 kilowatts of electric power at a load factor of seventy (70) per cent applied monthly, and three and one-quarter (3¼) mills for each kilowatt-hour in excess thereof. The agreement provides that it "shall at all times be subject to such changes and modifications by the Railroad Commission of the State of California as said Commission shall, from time to time, prescribe in the exercise of its jurisdiction."

I herewith submit the following form of order:

ORDER.

Application having been made to the Railroad Commission for an order authorizing Pacific Gas and Electric Company and The California-Oregon Power Company to execute an agreement and authorizing The California-Oregon Power Company to execute a trust indenture and to issue its preferred and common stock, bonds and debentures, a public hearing having been held and the Railroad Commission being of the opinion that the application should be granted, as provided herein, and that the money, property or labor to be procured or paid for is reasonably required by The California-Oregon Power Company for the purposes specified herein, and that the expenditures for such purposes are not in whole or in part reasonably chargeable to operating expense or to income;

It is hereby ordered, that

(1) Pacific Gas and Electric Company and The California-Oregon Power Company be and they are hereby authorized to execute an agreement substantially in the same form as that filed with the Commission on May 23, 1924.

(2) The California-Oregon Power Company be and it is hereby authorized to issue and sell \$1,500,000 of its 7 per cent twenty-year sinking fund convertible gold debentures due May 1, 1944; \$2,500,000 of its series "B" first and refunding mortgage 6 per cent bonds due February 1, 1942; and \$1,000,000 of its 7 per cent cumulative preferred stock. Pending the delivery of definitive bonds and debentures, the company may issue and deliver temporary certificates similar in form to those on file with the Commission, such temporary certificates to be subsequently exchanged for the bonds and debentures herein authorized. No definitive debentures shall be delivered until the Commission by supplemental order has authorized the company to execute an indenture under the terms of which the debentures will be issued.

(3) The California-Oregon Power Company be and it is hereby authorized to issue not exceeding \$2,000,000 of its common stock and to exchange such common stock from time to time, when called upon to do so, for debentures herein authorized to be issued, on the basis of \$300 face value of debentures for \$400 par value of common stock.

(4) The California-Oregon Power Company shall sell the \$1,500,000 of debentures herein authorized at not less than 94½ per cent of face value plus accrued interest; the \$2,500,000 of bonds at not less than 95 per cent of face value plus accrued interest; and the \$1,000,000 of preferred stock at not less than 95 per cent of par value.

(5) The California-Oregon Power Company may use, of the proceeds obtained from the sale of the preferred stock, an amount not exceeding two dollars per share of stock sold to pay commissions and other expenses incident to the sale of the stock. The remaining proceeds from the sale of the preferred stock and such portion of the two dollars per share of stock sold not needed to pay commissions and other expenses incident to the sale of the stock, together with the proceeds, other than the accrued interest, obtained from the sale of the bonds and debentures herein authorized shall be used to finance in part the cost of the extensions, additions, betterments and improvements to which reference is made in the foregoing opinion and which are more fully described in this application, provided that only such expenditures as are properly chargeable to capital account under the uniform classifications of accounts prescribed by this Commission shall be financed with such proceeds. The accrued interest may be used for general corporate purposes.

(6) The California-Oregon Power Company shall keep such record of the issue, sale and delivery of the stock, bonds and debentures herein authorized and of the disposition of the proceeds as will enable it to file on or before the twenty-fifth day of each month a verified report, as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

(7) The authority herein granted will become effective when The California-Oregon Power Company has paid the fee prescribed by section 57 of the Public Utilities Act, which fee is \$2,500.

(8) The time within which The California-Oregon Power Company may issue its preferred stock, its bonds, and its debentures will expire on March 31, 1925.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this thirty-first day of May, 1924.

DISMISSALS.

AUTO STAGE APPLICATIONS.

GRADE CROSSINGS.

MISCELLANEOUS AND SUPPLEMENTAL ORDERS.

TABLE A—DISMISSALS (Cases).

Dec. No.	Case No.	Litigants	Date
12721	1863	D. Moyers vs. C. M. Blebon and J. R. Cleveland	Oct. 18, 1923
12838	1958	The Penlar Company vs. The Western Pacific Railroad Company	Nov. 16, 1923
12890	1947	Richmond Navigation and Improvement Company vs. Bay Cities Transportation Company	Nov. 30, 1923
12891	1457	City of Stockton vs. Southern Pacific Company et al.	Nov. 30, 1923
12911	1878	Railroad Commission vs. McCloud River Railroad	Dec. 7, 1923
12982	1918	California Highway Express et al. vs. Reed J. Bekins et al.	Jan. 3, 1924
13030	1488	City of Richmond vs. Western Motor Transport Company	Jan. 10, 1924
13031	1891	M. G. Filippou et al. vs. Henry Minetti and Dave Vanoni	Jan. 10, 1924
13056	1926	Baldwin Park Domestic Water Company vs. La Rica Water Company	Jan. 10, 1924
13071	1968	R. W. Pearce vs. The Pacific Telephone and Telegraph Company	Jan. 16, 1924
13110	1950	Bay and River Boat Owners Association vs. Silveira Transportation Company	Jan. 23, 1924
13140	1942	Seacamp Heights Land and Water Company vs. California Inter Mountain Investment Company	Feb. 11, 1924
13176	1912	Sacramento Chamber of Commerce vs. Sacramento Northern Railroad Company et al.	Feb. 11, 1924
13275	1982	E. Chaplin vs. Sherman Water Company	Feb. 18, 1924
13294	1182	J. R. Moore, B. R. Long and O. W. McManus vs. Southern California Telephone Company	Mar. 19, 1924
13295	1996	Graham Chamber of Commerce vs. Conservative Water Company	Mar. 19, 1924
13511	1761	City of Stockton vs. Southern Pacific Company, The Western Pacific Railroad Company et al.	May 2, 1924
13539	1955	Oakland Chamber of Commerce vs. Southern Pacific Company and The Western Pacific Railroad Company	May 2, 1924
13604	1840	City of Oakland vs. San Francisco-Oakland Terminal Railways	May 8, 1924
13605	1846	City of Berkeley vs. San Francisco-Oakland Terminal Railways	May 26, 1924
13606	1959	City of San Leandro vs. San Francisco-Oakland Terminal Railways	May 26, 1924

TABLE B—DISMISSALS (Applications).

Dec. No.	App. No.	Applicant	Nature of Proceeding	Date
12775	8331	Harvey L. White, Jr., and Glen White.	To operate auto stage service, Yreka and Walker, Siskiyou County.	Nov. 1, 1923
12776	9035	Joseph Mercant.	To operate freight and express service, Redding and Castella.	Nov. 1, 1923
12777	9158	Keith A. Burton and Frank L. Rutter.	To operate passenger stage service, Westwood-Pitt No. 3 of Shasta Power Company	Nov. 1, 1923
12790	9263	City of Alhambra.	To construct street crossing over Southern Pacific tracks.	Nov. 5, 1923
12815	9445	Southern Pacific Company.	To construct side track across Santa Anita Ave. and Santa Clara Street, City of Arcadia.	Nov. 10, 1923
12835	7709	Lathin's Motor Transfer.	To operate freight, express service, Santa Barbara and Los Angeles.	Nov. 16, 1923
12836	9166	Roy Dunlap.	To operate passenger service, Mariopola and Bakerfield.	Nov. 16, 1923
12837	9231	Paolo Fatane.	To operate auto passenger service, Pittsburg and Avon.	Nov. 16, 1923
12857	9142	Miller and Lux.	To increase season storage rates and weighing charge on grain.	Nov. 22, 1923
12878	9520	Hollywood-Culver City Transit Company.	To issue and sell capital stock.	Dec. 31, 1923
12891	9159	Boulevard Express, Inc.	To issue capital stock.	Jan. 4, 1924
13013	9365	Bay Cities Transit Company.	To operate passenger service, Sherman Drive, Los Angeles-Sawtelle.	Jan. 9, 1924
13014	9333	Samuel C. Shine and Helen H. Shine.	To sell and distribute water.	Jan. 9, 1924
13029	4537	Oakland-Vallejo Transit Company.	Certificate to operate stage service, Richmond and Oakland.	Jan. 10, 1924
13111	9146	Southern Pacific Company.	To construct spur track across Elder-Santa Clara Sta., San Buenaventura.	Jan. 10, 1924
13121	9197	Motor Transit Company.	Certificate to extend motor stage service from San Diego, California, to Ensenada, Mexico.	Feb. 2, 1924
13128	9519	John W. Martin and The Hollywood-Culver City Transit Company.	To sell and transfer auto stage franchise.	Feb. 5, 1924
13183	9394	Los Angeles and Santa Barbara Motor Express Company, Inc.	To exchange its shares from par value to shares of no par value.	Feb. 8, 1924
13230	9707	Southern Pacific Company.	To construct spur track in City of Oakland.	Feb. 19, 1924
13231	9809	Postal Telegraph-Cable Company.	To open telegraph office at Modesto.	Feb. 20, 1924
13234	9573	H. H. Hardwick.	To operate passenger and express auto stage service, Orange Cove, Fresno County-Orosi, Tulare County.	Mar. 3, 1924
13296	9099	Santa Rosa Purchasing Agency.	To operate messenger and express service, Cloverdale, etc., to San Francisco.	Mar. 10, 1924
13304	5289	T. B. Riley and Walter Maxwell.	To operate passenger stage line, Eureka and San Francisco.	Mar. 19, 1924
13309	9638	Interstate Passenger Service Company.	To operate auto stage service, Los Angeles and northerly boundary of California en route to Portland, Oregon.	Mar. 22, 19. 4
13393	9867	Yosemite Transit (R. R. Young).	To extend service, South Fork and Peach Growers.	Mar. 24, 1924
13405	8050	Thomas J. Rourke and Ella M. Rourke.	To discontinue service to 5 acres by their water plant.	Apr. 9, 1924
13406	7041	Thomas J. Rourke and Ella M. Rourke.	To adjust and establish new water rates.	Apr. 11, 1924
13407	4606	Consolidated Utilities Company.	To increase telephone rates.	Apr. 11, 1924
13434	9859	San Diego, City of.	To construct Vine Street across track of Atchison, Topeka and Santa Fe Railway Company.	Apr. 14, 1924
13487	3383	Los Angeles County Water Works Company.	To issue bonds.	Apr. 17, 1924
13495	9321	George O. Fisher.	To operate passenger, freight and express service, Sacramento and Yuba City.	Apr. 26, 1924
13504	9604	Southern Counties Gas Company of California.	To sell gas distributing system to City of Long Beach.	Apr. 30, 1924
13510	9559	Compton Transportation Company.	For authority to issue stock.	May 1, 1924
13532	9974	Beverly Hills Utilities Company.	To transfer all remaining assets to Rodeo Land and Water Company.	May 2, 1924
13564	5097	San Francisco-Richmond Ferry Company.	For authority to issue stock.	May 7, 1924
13565	9672	Manuel Cardoza.	To operate boat on inland water of California.	May 16, 1924
13567	9983	Charles F. Tammany.	To operate auto passenger stage service, Redwood City and Redwood City Harbor.	May 16, 1924
13597	9525	Western States Gas and Electric Company.	To issue bonds.	May 21, 1924
13598	9797	Smith Transfer Company.	To operate freight truck service, Torrance and Los Angeles.	May 24, 1924
13621	2985	Key System Transit Company.	For relief from depreciation fund requirements established by Decision No. 6549.	May 28, 1924

TABLE C—AUTO STAGE APPLICATIONS.

Dec. No.	App. No.	Applicant	Nature of Proceeding	Action	Date
12722	9464	Dillingham Transportation Company and Motor Coach Company	Former to sell latter stage line operating rights, Long Beach-Santa Monica.	Granted	Oct. 19, 1923
12736	8743	Frank A. Warfield	To operate passenger and baggage service, Avila-San Luis Obispo.	Granted	Oct. 23, 1923
12750	9152	C. T. Cooley and Motor Transit Company	Former to sell latter auto stage line operating rights, Taft-Maricopa.	Granted	Oct. 25, 1923
12751	9163	A. C. Woodward, "Oakland-San Jose Transportation Company"	To operate auto freight truck line, Oakland-Livermore.	Granted	Oct. 25, 1923
12752	9295	C. W. Fulton and James T. McAtee	Former to sell latter passenger and freight line, Bridgeport-Mono Lake.	Granted	Oct. 25, 1923
12753	9380	L. L. Muehrt and Perry J. White	Former to sell latter stage line, Bishop, California-Tonopah, Nevada.	Granted	Oct. 26, 1923
12754	9452	Geo. Wm. Smith and David Drake	Former to sell latter portion of operative rights auto stage line, Sonoma-Bar-Blue Nose.	Granted	Oct. 25, 1923
12755	9465	E. B. Davis and James F. Maloney et al.	Former to sell co-partners operative rights auto stage line, San Jose and Santa Cruz.	Granted	Oct. 25, 1923
12763	9384	Flintridge Motor Company	To change route and schedule of passenger motor buses, Flintridge and Pasadena and to extend service to La Canada.	Granted	Oct. 27, 1923
12764	8816	Verdugo Hills Transportation Company	To operate passenger stage service, Pasadena-Sunland and intermediate points.	Granted	Oct. 27, 1923
12765	9409	H. H. Davis and V. L. Haynes et al.	Former to sell latter his interest in auto freight line, Fresno-Lemoore.	Denied	Oct. 27, 1923
12766	9437	C. M. Gibson and Peerless Stages, Inc.	Former to sell latter auto stage line, San Jose-Santa Cruz.	Granted	Oct. 27, 1923
12774	9434	Emil J. Glensmith and Thos. E. Cheney	Former to sell latter auto stage line, Santa-Foncia-Las Flores Canyon.	Granted	Nov. 1, 1923
12780	9268	Wm. V. Hogan	To operate passenger service, Pacheco and Concord.	Granted	Nov. 5, 1923
12781	9209	Wm. V. Hogan	To operate passenger service, Clayton-Concord.	Granted	Nov. 5, 1923
12782	9463	Thos. B. Riley and F. F. Nellist et al.	Former to sell latter auto passenger line, Eureka-Korbel-Arcata.	Denied	Nov. 5, 1923
12785	9487	R. E. Riley and Ernest R. Blue	Former to sell latter passenger and freight line, Chico-Willows.	Granted	Nov. 5, 1923
12791	8366	Hanson Transport Company	To operate passenger, freight, express, baggage and mail service, Fort Bidwell and Cedarville.	Granted	Nov. 5, 1923
12801	8989	A. J. Happe	To extend auto service from Yucaipa Valley to Oak Glenn-Banning (rehearing).	Denied	Nov. 5, 1923
12802	6491	L. L. Smith et al., "Grant Express Co."	Revoking and annulling Decisions 8993 and 12318 for certificate to operate auto freight service between Los Angeles-Newport Beach.	Denied	Nov. 7, 1923
12803	9373	H. B. Webster et al.	To operate freight service, Los Angeles-Balboa Beach, etc.	Granted	Nov. 7, 1923
12807	9134	"Compton Transfer Company," E. P. Tallon et al.	To establish class rates, resulting in an increase.	Granted	Nov. 10, 1923
12808	9228	Verdugo Hills Transportation Company	To operate passenger and package service, Montrose Avenue and Michigan Avenue.	Denied	Nov. 10, 1923
12809	9294	Earl F. Blubaugh and G. M. Duntley	Former to sell latter freight line, Los Angeles and points in Kern County.	Granted	Nov. 10, 1923
12818	9207	A. C. Dinsmore et al.	To operate freight service, Los Angeles-Santa Barbara.	Granted	Nov. 10, 1923
12852	9589	Flintridge Motor Company	To lease operative rights to Pacific Electric Railway Company, La Canada-Pasadena.	Denied	Nov. 13, 1923
12855	9503	Rice Transportation Company and H. E. Schuricht.	Former to sell and transfer to latter truck line, Los Angeles-Long Beach.	Granted	Nov. 22, 1923
12856	9504	R. H. Clark et al. and Walter Johnson	To purchase one-third interest of R. H. Clark's one-half interest auto freight line Oakland-San Rafael.	Denied	Nov. 22, 1923
12861	9639	Burris Truck Line and Henry J. Bridges et al.	Former to sell latter freight line, Eureka-Garberville.	Granted	Nov. 26, 1923
12863	9483	Thos. B. Riley and F. F. Nellist et al.	Former to sell latter passenger line, Eureka-Korbel (rehearing).	Granted	Nov. 26, 1923
12864	7367	C. F. Crews et al. and Shasta Transit Company	Former to sell latter operative rights of Chico-Redding Auto Stage Co.	Dismissed	Nov. 26, 1923
12867	9270	M. Bernardo	To operate passenger and express service, Chico-Redding.	Granted	Nov. 26, 1923

TABLE C—AUTO STAGE APPLICATIONS—Continued.

Dec. No.	App. No.	Applicant	Nature of Proceeding	Action	Date
12868	9315	Casper Cautiello.	To operate passenger service, Avon-Pittsburg	Granted	Nov. 26, 1923
12870	9342	John L. Joslin and Bert Myers.	Former to sell latter passenger, freight and express line, Paso Robles-Annette.	Granted	Nov. 28, 1923
12880	8901	Pickwick Stages, Inc., and Fred A. Sutherland "Sutherland's Tia Juana Stage."	Establishment of joint rates and through service, Los Angeles-San Diego-Tia Juana.	Granted	Nov. 28, 1923
12886	9460	Shasta Transit Company.	To operate auto stage service Redding-Red Bluff.	Granted	Nov. 28, 1923
12887	9549	Autome Motto.	To operate passenger, baggage, express service, San Luis Obispo-Avila.	Granted	Nov. 28, 1923
12898	9252	J. C. Hayden.	To operate freight truck line, Newport-Redlands.	Granted	Nov. 28, 1923
12898	9482	H. C. Hayden.	To extend service, Newport-Balboa.	Denied	Dec. 4, 1923
12925	9572	I. P. Hildreth and Thos. B. Riley.	Former to sell latter passenger line, Hardsburg, Cloverdale and Ukiah.	Granted	Dec. 4, 1923
12926	9558	Chas. D. Boynton et al.	To operate freight service, San Diego-Los Angeles (rehearing).	Granted	Dec. 13, 1923
12926	7534	S. B. Gowan.	To operate freight service, Long Beach-Fullerton, etc.	Denied	Dec. 13, 1923
12969	9282	S. B. Gowan.	To operate stage line, Nevada City-Central Mine.	Granted	Dec. 31, 1923
12970	9237	F. H. Person.	To operate stage service, Grass Valley-Nevada City.	Granted	Dec. 31, 1923
12972	8111	Nevada-California Transportation Company.	To operate freight and baggage service, Reno, Nevada-Westwood, Calif.	Denied	Dec. 31, 1923
12970	9596	C. H. Smith and Motor Coach Company.	Former to sell latter automobile stage operating rights.	Granted	Dec. 31, 1923
12998	9397	California Transit Company.	To lease operative rights, Stockton-Byron.	Granted	Jan. 4, 1924
12998	9493	Coast Line Stages, Inc.	To operate auto service, Fort Bragg-Pudding Creek Road.	Granted	Jan. 4, 1924
12999	9370	J. F. Douglas and O. N. Pauly et al.	Former to sell co-partners passenger and freight line, Oroville-Swayne's Camp.	Granted	Jan. 9, 1924
13000	9577	M. G. Flipponi and E. L. McConnell.	Former to sell latter operative rights, etc., truck line, San Luis Obispo-San Simeon.	Granted	Jan. 9, 1924
13001	9591	Bert Myers and Leslie M. Hardie.	Former to sell latter passenger and freight line, Paso Robles-Kinu.	Granted	Jan. 9, 1924
13002	9592	Wm. Powell and H. E. Schurcliff et al.	Former to sell latter freight line, San Gabriel-Los Angeles.	Granted	Jan. 9, 1924
13003	9602	F. W. Ramsey and Louis E. Smith.	Former to sell latter his interest stage line, Lassen County.	Granted	Jan. 9, 1924
13004	9616	Mary Rogers German and M. P. Fischer.	Latter to purchase passenger and express line, Nevada City-Downieville.	Granted	Jan. 9, 1924
13005	9522	The Community Investment Company, Inc.	To operate passenger service, Hollywood-Burbank.	Granted	Jan. 9, 1924
13007	9653	Edwin B. Palmer et al. and Nelson L. Hawks et al.	Former to sell their interest in freight line to latter, Los Angeles-Balboa Beach.	Granted	Jan. 9, 1924
13036	8626	Mary M. Redgrave, Admx. Estate of T. A. Stuart, and Russell O. Douglass.	To sell latter auto passenger line, Folsom and Sacramento.	Granted	Jan. 11, 1924
13038	9101	Russell O. Douglass.	To operate passenger service, Folsom to Sacramento.	Denied	Jan. 11, 1924
13038	9128	Beverly Gibson.	To operate over River Road between Hood and Sacramento to include Ryde in service between Sacramento and Rio Vista.	Granted	Jan. 12, 1924
13039	9684	Livermore and Arroyo Sanitarium Stage Co.	To operate passenger-freight service Livermore and Arroyo.	Granted	Jan. 12, 1924
13040	9405	Pacific Electric Railway Company.	Auto stage service San Gabriel, Graves and Jackson Avenue, etc.	Granted	Jan. 15, 1924
13042	9623	C. F. Stanbrough.	To operate freight service, San Francisco, Antioch and Sacramento via Oakland, etc.	Granted	Jan. 15, 1924
13044	9677	J. K. Vanderhurst and E. K. Duda.	To operate stage line Salinas and Tassajara Hot Springs.	Denied	Jan. 15, 1924
13047	9689	F. B. McCarthy and Paul Cardinal.	Former to sell latter auto freight line, Brawley-Westmorland.	Granted	Jan. 15, 1924
13062	9665	Oscar Schneider et al., "Schneider Bros."	To operate auto truck line, Sacramento and Nevada City, etc.	Denied	Jan. 19, 1924

TABLE C—AUTO STAGE APPLICATIONS—Continued.

Dec. No.	App. No.	Applicant	Nature of Proceeding	Action	Date
13101	9736	Plaisted and Horn, and Coast Auto Lines.	Former to sell to latter auto passenger and freight line, Crescent City-Oregon State line.	Granted	Feb. 1, 1924
13102	9738	George Farmer and F. M. Littlefield.	Former to sell to latter auto passenger, freight and express line, Monterey and Big Sur.	Granted	Feb. 1, 1924
13106	9544	West Side Transit Company.	To operate jitney bus service, Long Beach and Davidson City.	Granted	Feb. 2, 1924
13129	9232	Cowan, S. B.	To operate auto truck freight service, Los Angeles and Long Beach; petition for rehearing.	Denied	Feb. 8, 1924
13131	9557	United Stages, Inc.	To operate passenger and express service, Blythe, California and point opposite Ehrenberg, Arizona.	Granted	Feb. 11, 1924
13132	9722	Estate of Charles J. Crosby and A. B. Watson (Crown Stage Lines).	To transfer auto stage line between Santa Ana and Huntington Beach.	Granted	Feb. 11, 1924
13133	9754	Hodge and Santen.	To operate passenger service, Victorville and Oro Grande.	Granted	Feb. 11, 1924
13145	9425	Gromin, T. J., and William Watt.	To operate freight and express service, Wabon and Wawona.	Granted	Feb. 13, 1924
13159	9396	Gromin, T. J. (Madera-Wawona Stage Line).	To operate freight line, Raymond and Awhase, etc.	Denied	Feb. 15, 1924
13160	9451	Coast Truck Line.	To operate express service, Madera, Raymond, etc.	Granted	Feb. 15, 1924
13178	9161	Harry L. and Alice L. Egan.	To increase rates.	Granted	Feb. 15, 1924
13184	9723	Benadom, Helen L., and Pickwick Stages, Northern Division.	To operate passenger and parcel service, Kennett and Redding.	Granted	Feb. 19, 1924
13185	9745	Littlefield, F. M., and G. R. Carpenter and E. E. Littlefield.	To transfer operative right between San Luis Obispo and Paso Robles.	Granted	Feb. 20, 1924
13187	9764	R. M. Valentine and G. H. Blount.	To transfer auto passenger and express line between Monterey and Salinas.	Granted	Feb. 20, 1924
13188	9775	Pete, Marcus J., and Raymond Cree.	To transfer auto passenger and freight line between Stevinson and Turlock road Station.	Granted	Feb. 20, 1924
13189	9779	Hubert, J. J., and South Shore Port Company.	To transfer auto stage line between Palm Springs and Whitewater Railroad Station.	Granted	Feb. 20, 1924
13190	9796	Jacqu, Lee and D. R., and Pickwick Stages, Northern Division.	To transfer auto truck service between Fort South Shore and certain other points.	Granted	Feb. 20, 1924
13238	9298	Young, C. J., and J. N. Powers.	To transfer auto passenger line, San Luis Obispo and Santa Maria.	Granted	Feb. 20, 1924
13239	9701	Duntley, G. M., and Los Angeles and West Side Transportation Company.	To operate freight and passenger service, Blythe and Los Angeles.	Denied	Mar. 4, 1924
13264	9879	Scott, George A.	To transfer auto truck line, Los Angeles and West Side Oil Fields; Stock, to issue.	Granted	Mar. 4, 1924
13265	8671	Houk, J. W., and J. H. Smith (Chico-Westwood-Suanville Auto Stage).	To operate passenger service, Westwood and Crescent Mills, Indian Valley (Preliminary Order).	Granted	Mar. 14, 1924
13274	9873	Emory E. Gilman.	To operate auto passenger and package service, Sacramento, Marysville and Chico as extension of present service.	Denied	Mar. 14, 1924
13276	9477	W. C. Dunlap, "Original Stage Line".	To operate auto bus service.	Granted	Mar. 18, 1924
13291	9705	Chas. A. Hare.	To adjust passenger fares between certain Santa Ana system.	Denied	Mar. 18, 1924
13292	9820	D. M. Joyner and Joseph Miller.	To adjust passenger fares between certain Santa Ana system.	Granted	Mar. 18, 1924
13293	9832	Joseph Miller and Frank Roberson.	Former to sell to latter auto stage line, Fresno and Tracy; Former to sell to latter auto stage business and franchise, Lemoore and Coalinga.	Granted	Mar. 18, 1924

TABLE C—AUTO STAGE APPLICATIONS—Continued.

Dec. No.	App. No.	Applicant	Nature of Proceeding	Action	Date
13298	C1202 5735 C1473	Matter of reasonableness of practices, etc. of transportation companies United Stages, Inc. and O. R. Fuller Investigation into United Stages, Inc., and Morgan Motor Company	Petition for reopening for further hearing	Denied	Mar. 21, 1924
13310	C1902	Investigation into methods, etc., of Frederick Ernsting, et al.		Denied	Mar. 24, 1924
13311	8777	Pickwick Stages, Inc., and United Stages, Inc.	To operate auto stage service, Redding and Noble's Station	Granted	Mar. 24, 1924
13312	9050	C. E. Ross	To operate auto stage line, east boundary of California at west end of Yuma Bridge and southern boundary of Andrade	Denied	Mar. 24, 1924
13313	9513	Baltes G. Walker	To operate auto truck baggage service, Glendale and Los Angeles	Granted	Mar. 24, 1924
13326	9800	John A. Marvel	To operate auto passenger and express service, Fresno and Riverdale, Fresno County	Granted	Mar. 24, 1924
13327	9898	E. B. Harris and M. L. Rounds, Jr.	To operate auto stage line, Crescent Mills and Keddle (Preliminary Order)	Granted	Mar. 26, 1924
13330	9824	W. C. Lawrence (Lawrence Stage Company)	To sell and assign certain auto stage line between Long Beach and Huntington Park to Pacific Electric Railway Company	Granted	Mar. 26, 1924
13335	9625	C. P. Stanbrough	To operate freight service, San Francisco and Sacramento; petition for rehearing	Denied	Mar. 26, 1924
	9496	D. H. Schiffman	To operate motor truck service, Los Angeles and Wilmington (Preliminary Order)	Granted	Mar. 27, 1924
	9632	Frank H. and Fred A. White	To operate baggage and freight service, Los Angeles and Los Angeles Harbor (Preliminary Order)	Granted	Mar. 27, 1924
	9659	Diamond Transport and Storage Company (F. F. Balzer)	To operate freight service, Wilmington and San Pedro and Los Angeles (Preliminary Order)	Granted	Mar. 27, 1924
13354	3839	F. C. Lauritzen (Lauritzen Transportation Company)	To operate stage service, Sacramento and J. Roses Landing	Denied	Apr. 2, 1924
	5139	Lauritzen Transportation Company	To operate passenger service, Sacramento and Rio Vista	Denied	Apr. 2, 1924
	6315	Lauritzen Transportation Company	To operate passenger stage line, Rio Vista and Antioch	Denied	Apr. 2, 1924
	8237	Beverly Gibson et al (River Auto Stage)	To operate passenger auto line, Antioch and Rio Vista	Granted	Apr. 2, 1924
13355	8992	Island Transit Company	To operate as freight carrier to and from Los Angeles	Denied	Apr. 2, 1924
13368	8802	F. W. Granger	To operate passenger stage service, Long Beach and East San Pedro	Granted	Apr. 2, 1924
	9739	B. and H. Transportation Company	To operate passenger stage service, Ferry Landing and Anaheim Street and Canal Street (Wilmington)	Denied	Apr. 2, 1924
13371	9780	R. B. Cregar and Motor Transit Company	Former to lease to latter certain operative rights	Granted	Apr. 2, 1924
13373	9917	Dillingham Transportation Company and Motor Transit Company	For approval of lease contract for former to lease to latter certain operative rights for auto stage line	Granted	Apr. 5, 1924
13375	9929	Wilson L. R. Patterson and Motor Transit Company	Former to sell to latter certain auto stage line, City of San Diego and Encanto	Granted	Apr. 5, 1924

TABLE C—AUTO STAGE APPLICATIONS—Continued.

Dec. No.	App. No.	Applicant	Nature of Proceeding	Action	Date
13391	9800	Lewis A. Monroe, Joint Agent, Pickwick Stages, N. D., Inc. et al.	To establish through routes and joint passenger fares.	Granted	Apr. 9, 1924
13392	9955	D. O. Sullivan	To operate passenger, freight, express and baggage service, Elk Creek and Stonyford.	Granted	Apr. 9, 1924
13394	9703	California Transit Company et al.	To establish through route and joint passenger fares.	Granted	Apr. 9, 1924
13416	9961	Arthur H. Garrison	To operate freight service, Redding and Pitville, Shasta County (Preliminary Order).	Granted	Apr. 15, 1924
13418	9654	C. W. Turney	To operate personal messenger auto service, Los Angeles, Montebello, Whittier and intermediate points.	Granted	Apr. 15, 1924
13425	9524	J. H. Woollet	To operate stages for passenger service, San Diego, California, and Ensenada, Mexico.	Granted	Apr. 17, 1924
13426	9952	Charles E. Wilkinson, Jr.	To sell to Henry C. Hutchens and J. J. Burgard an auto passenger and freight line, Bridgeville and Ruth.	Granted	Apr. 17, 1924
13428	9901	C. W. Viall and Bert Tillitt	Former to sell to latter auto freight line, Los Angeles and San Bernardino.	Granted	Apr. 17, 1924
13429	9934	J. E. Casey and United Parcel Service of Los Angeles	Former to sell to latter an auto truck line, Los Angeles and suburban points and territory adjacent thereto.	Granted	Apr. 17, 1924
13433	9958	Joseph L. and Mark W. Zerboni	To dissolve copartnership for operation of truck line, Los Angeles, Culver City, Palms, Venice, Ocean Park, etc.	Granted	Apr. 17, 1924
13437	9930	Ardis C. Gray and Fred A. Oder	Former to sell to latter a one-half interest in auto truck line, Los Angeles, Redondo, Hermosa, Manhattan Beach.	Granted	Apr. 18, 1924
13440	9477	W. C. Dunlap, "Original Stage Lines"	Petition for rehearing, is increase in fares.	Denied	Apr. 18, 1924
13448	9540	The Hodge Transportation System	To transport certain additional commodities, petition for rehearing.	Denied	Apr. 17, 1924
13461	9816	W. B. Shively	To operate passenger, freight, express and baggage service, Eureka and Bridgeville.	Granted	Apr. 23, 1924
13462	9819	George M. Kemble and C. R. Estes	To sell to L. M. Estes an auto passenger, express and freight line, Alturas and Bieber.	Granted	Apr. 23, 1924
13463	9829	McVay and Hiller	To operate passenger and freight and express service, Crescent City, California and Oregon State Line.	Granted	Apr. 23, 1924
13475	9904	A. B. Watson (Crown Stage Company)	To sell and transfer operating right for auto stage line between Santa Ana and Laguna Beach to J. C. Best.	Granted	Apr. 24, 1924
13476	9937	Pacific Southwestern Transportation Company	To operate passenger service, Lompoc and White Hills.	Granted	Apr. 24, 1924
13477	9997	Raymond Cree and Charles Crandall	Former to sell to latter an auto passenger, freight and express line, White-water and Palm Springs.	Granted	Apr. 24, 1924
13499	9908	M. F. Smith	To operate freight service for transportation of lumber, between Etna Mills and mills in vicinity of same and Montague.	Granted	May 1, 1924
13501	9978	Felician Landier	To operate passenger service, Point Fermin and White Point.	Granted	May 1, 1924
13502	10014	J. S. Nichols	To operate auto passenger stage line, Watsonville and Hollister.	Granted	May 1, 1924
13517	9311	Lankley Truck Line	To operate motor freight service, Stockton and Lodi.	Granted	May 5, 1924
13517	9769	Sacramento-Galt Freight Line	To operate freight truck service, Galt and Stockton.	Granted	May 5, 1924
13520	9769	O. M. Green and Clarence M. Bullock	Former to sell to latter auto truck line, San Bernardino and Victorville.	Denied	May 5, 1924
13521	9894	S. R. Peart and J. O. Bray	Former to sell to latter auto freight truck line, Fresno and Caruthers.	Granted	May 5, 1924
13522	10003	Geo. Teatford and D. Moyers	Former to sell to latter auto stage line, Fresno and The Pines; and Fresno and Central Camp.	Granted	May 5, 1924

TABLE C—AUTO STAGE APPLICATIONS—Concluded.

Dec. No.	App. No.	Applicant	Nature of Proceeding	Action	Date
13526	9989	Original Stage Line.....	To operate passenger auto stage, San Fernando and U. S. Hospital, and San Fernando and Olive View Sanitarium.....	Granted	May 7, 1924
13527	10010	Lee D. Berdell.....	To operate freight service between Onhurst and Raymond.....	Granted	May 7, 1924
13528	10030	V. H. Norris (Norris Stage Company) and G. L. Morrison.....	Former to sell to latter auto passenger line, Dunsmuir and Weed Bidwell.....	Granted	May 7, 1924
13535	9940	Nevada-California-Oregon Railway.....	To operate motor truck freight service, Los Angeles and San Pedro and Wilmington (Los Angeles Harbor) (Preliminary Order).....	Granted	May 8, 1924
13537	9988	A. B. C. Transportation System.....	To operate freight and truck service, Los Angeles and San Pedro (Preliminary Order).....	Granted	May 8, 1924
13562	10020	C. C. Transfer and Garage.....	To operate auto passenger and package service, Sacramento, Marysville and Chico, petition for rehearing.....	Granted	May 16, 1924
13563	8671	J. W. Houk and J. H. Smith (Chico-Westwood-Susanville Auto Stage).....	To operate passenger and express service, San Jose, Agnew, Alviso and intermediate points.....	Denied	May 16, 1924
13567	9324	Pacific Auto Stages.....	To operate auto stage line, San Jose, Agnew, and Alviso.....	Denied	May 17, 1924
	9595	J. F. Maloney and George H. Gilson.....	To operate passenger auto stage service, Alamo Store, Bond's Corner, Colfax and intermediate points.....	Granted	May 17, 1924
	9589	A. B. Bland.....	Former to sell to latter auto stage line, Holtville and Yuma Bridge.....	Denied	May 17, 1924
13568	9613	A. B. Bland and Virgil N. Sans.....	Investigation into methods and practices of operations of.....	Denied	May 17, 1924
13570	C1972	Railroad Commission vs. A. B. Bland.....	To operate passenger auto stage service, El Segundo and Inglewood.....	Granted	May 17, 1924
13571	9751	Earl L. White.....	To operate auto truck freight service, Los Angeles and Terra Madre.....	Granted	May 17, 1924
13571	9776	Otis G. Dwyer.....	Del Rosa, etc.....	Granted	May 17, 1924
13572	9871	R. J. Walworth.....	To operate passenger service, Beckwith and Clover Valley Lumber Camp.....	Granted	May 17, 1924
13574	9846	T. R. Rex.....	To operate passenger and express service, San Rafael and Lagunitas.....	Granted	May 17, 1924
13575	9884	Frank Word.....	Former to sell to latter auto baggage and express line, Los Angeles and Culver City, Venice, Ocean Park, etc.....	Granted	May 21, 1924
13580	8986	A. S. Stafford (San Rafael-Lagunitas Transportation Company).....	To operate passenger and baggage service, Wendell and Hackstaff Mono Lake.....	Granted	May 21, 1924
13581	9744	George May.....	Former to sell to latter auto baggage and express line, Los Angeles and Culver City, Venice, Ocean Park, etc.....	Granted	May 21, 1924
13610	10066	Geo. B. Wilkins and L. N. Larson.....	To operate auto stage service, Oakland and Oakland Recreation Park in Tuolumne County.....	Granted	May 28, 1924
13615	10097	Jenkins Transfer and Storage Company and Security Van and Storage Company.....			
13625	9982	Oakland-Tuolumne Stage Line.....			

TABLE D—GRADE CROSSINGS.

Dec. No.	App. No.	Applicant (and other parties)	Location	Action	Date
12724	9282	Highway Commission (Orange County) Pacific Electric Railway Company.	Second and "X" Streets.	Granted	Oct. 19, 1923
12773	9440	Sacramento Northern Railroad (City of Sacramento)	Jackson and Madison Streets.	Granted	Nov. 1, 1923
12762	9408	Western Pacific Railroad Company (City of Oakland)	County Road.	Granted	Nov. 5, 1923
12783	9426	Southern Pacific Company (Town of Livermore)	Elder and Santa Clara Streets.	Granted	Nov. 5, 1923
12784	9446	Los Angeles and Salt Lake Railroad Company (City of Glendale)	Glendale Avenue.	Granted	Nov. 5, 1923
12785	9474	Southern Pacific Company (City of Los Angeles)	Violet, Bay, Mateo and Wilson Streets.	Granted	Nov. 5, 1923
12797	9217	City of Alhambra (Pacific Electric Railway)	Main Street at Cedar Street.	Granted	Nov. 5, 1923
12798	9468	Southern Pacific Company (City of El Centro)	Orange, Brighton and Olive Streets.	Granted	Nov. 6, 1923
12799	9486	Southern Pacific Company (Vicinity of Davis)	County Road.	Granted	Nov. 6, 1923
12804	9420	Pacific Electric Railway (City of Los Angeles)	Echo Park Avenue.	Granted	Nov. 7, 1923
12811	9356	Northwestern Pacific Railroad Company (City of Eureka)	Broadway and Commercial Streets.	Granted	Nov. 10, 1923
12812	9443	Northwestern Pacific Railroad Company (City of Eureka)	Front Street.	Granted	Nov. 10, 1923
12813	9481	Southern Pacific Company (County of Merced)	Bellevue Road.	Granted	Nov. 10, 1923
12814	9491	Southern Pacific Company (City of Salinas)	Alisal Street.	Granted	Nov. 10, 1923
12820	9204	City of Clovis (Southern Pacific Railroad)	Fifth Street and Fulton Avenue.	Granted	Nov. 13, 1923
12821	9457	Atchison, Topeka and Santa Fe (City of Vernon)	26th Street.	Granted	Nov. 13, 1923
12825	9490	Pacific Electric Railway (City of Long Beach)	Locust and American Avenue.	Granted	Nov. 14, 1923
12839	9514	Atchison, Topeka and Santa Fe (City and County of San Francisco)	Pennsylvania Avenue.	Granted	Nov. 14, 1923
12840	9447	Southern Pacific Company (County of Los Angeles)	Vincent-Acton Road.	Granted	Nov. 19, 1923
12841	9448	Los Angeles and Salt Lake Railroad Company (City of Los Angeles)	Lawrence and Hunter Streets.	Granted	Nov. 19, 1923
12842	8521	Southern Pacific Company (City of Marysville)	"E" and 13th Streets.	Granted	Nov. 19, 1923
12844	9412	Northwestern Pacific Railroad (City of Santa Rosa)	Third Street.	Granted	Nov. 19, 1923
12845	9500	Southern Pacific Company (Town of Emeryville)	Sixty-first Street.	Granted	Nov. 21, 1923
12846	9506	Western Pacific Railroad (City of San Jose)	Jefferson Avenue.	Granted	Nov. 21, 1923
12847	9510	Board of Supervisors (City and County of San Francisco)	Jerrold Avenue.	Granted	Nov. 21, 1923
12849	9113	Board of Supervisors County of Los Angeles (Pacific Electric R. R.)	Certain streets in Alamitos Bay Tract.	Granted	Nov. 21, 1923
12853	9155	County of Tulare (Visalia Electric Railway Company)	Section 32, Township 17 South, Range 27 East, Mt. Diablo Base and Meridian.	Granted	Nov. 21, 1923
12854	9157	County of Tulare (Southern Pacific Company)	Section 14, Township 20 South, Range 24 East, M. D. B. and M.	Granted	Nov. 22, 1923
12856	9538	Southern Pacific Company (City of Oakland)	Fortieth Avenue.	Granted	Nov. 22, 1923
12871	9450	County of Orange (Pacific Electric Railway Company)	Near Santa Ana.	Granted	Nov. 22, 1923
12875	9518	Southern Pacific Company (City of Vernon)	Torrance Avenue.	Granted	Nov. 28, 1923
12877	9523	Pacific Electric Railway Company (County of Los Angeles)	Torrance.	Granted	Nov. 28, 1923
12881	9461	Board of Supervisors of Santa Clara County (Southern Pacific Company)	Kifer Road.	Granted	Nov. 28, 1923
12883	9156	County of Tulare (Atchison, Topeka and Santa Fe Railway)	Near Pearl Station.	Denied	Nov. 28, 1923
12899	8911	City of Beverly Hills (Pacific Electric Railway Company)	Alpine Drive, Maple Drive and Beverly Blvd.	Granted	Dec. 4, 1923
12904	9419	Southern Pacific Company (City of Los Angeles)	Hewitt Station.	Denied	Dec. 4, 1923
12913	9348	Board of Supervisors of Los Angeles County (Southern Pacific Company)	Waterdale Road.	Granted	Dec. 6, 1923
12914	9414	County of Tulare (Southern Pacific Company)	S. W. quarter of Section 24, Township 21, south, Range 28 east, Mt. Diablo Base.	Granted	Dec. 11, 1923
12916	9517	Southern Pacific Company (City of El Centro)	Brighton and Olive Avenues.	Granted	Dec. 11, 1923
12917	9547	San Diego and Arizona Railway Company (National City)	Twenty-fourth Street.	Granted	Dec. 11, 1923

TABLE D—GRADE CROSSINGS—Continued.

Dec. No.	App. No.	Applicant (and other parties)	Location	Action	Date
12918	9562	Atchison, Topeka and Santa Fe Railway Company (City of Los Angeles)	Sixtieth and Sixty-second Streets.	Granted	Dec. 11, 1923
12927	9386	Butte County (Sacramento Northern Railroad)	Near Durham.	Granted	Dec. 13, 1923
12934	9531	Western Pacific Railroad (City of Stockton)	Lincoln Street.	Granted	Dec. 17, 1923
12935	9532	Western Pacific Railroad (City of Stockton)	Lindsay and Edison Streets.	Granted	Dec. 17, 1923
12939	9614	Southern Pacific Company (City of Los Angeles)	Fifth, Alameda and Seaton Streets.	Granted	Dec. 20, 1923
12945	9359	Pacific Electric Railway Company (City of Los Angeles)	Sixth Street (San Pedro District).	Granted	Dec. 21, 1923
12919	9609	Atchison, Topeka and Santa Fe Railway Company (City of Riverside)	Ninth Street.	Granted	Dec. 22, 1923
12950	9349	City of Glendale (Pacific Electric Railway Company)	Justin Avenue.	Denied	Dec. 27, 1923
12951	9341	City of Glendale (Pacific Electric Railway Company)	Kenilworth Avenue.	Denied	Dec. 27, 1923
12952	9400	City of Glendale (Pacific Electric Railway Company)	Concord Street.	Granted	Dec. 27, 1923
12953	9401	Board of Supervisors of Siskiyou County (Central Pacific Railroad)	McCloud Road District.	Granted	Dec. 27, 1923
12954	9269	Board of Supervisors of Siskiyou County (Southern Pacific Company)	McCloud Road District.	Granted	Dec. 27, 1923
12955	9387	Atchison, Topeka and Santa Fe Railway Company (County of San Bernardino)	Between Bagdad and Duggett.	Granted	Dec. 27, 1923
12956	9388	Butte County (Southern Pacific Company)	Near Nelson, Butte County.	Granted	Dec. 27, 1923
12957	9569	Southern Pacific Company (County of Orange)	Esquon Substation.	Granted	Dec. 27, 1923
12958	9581	Southern Pacific Company (City of Los Banos)	Main Street and Garfield Avenue, La Balsa.	Granted	Dec. 27, 1923
12959	9597	Southern Pacific Company (City and County of San Francisco)	Fourth and Seventh Streets.	Granted	Dec. 27, 1923
12960	9608	Southern Pacific Company (City of Ontario)	Division and Brannan Streets.	Granted	Dec. 27, 1923
12961	9607	Atchison, Topeka and Santa Fe (City of Los Angeles)	Ontario Avenue.	Granted	Dec. 27, 1923
12962	9618	Atchison, Topeka and Santa Fe (City and County of San Francisco)	Jackson Street.	Granted	Dec. 27, 1923
12963	9357	Southern Pacific Company (Los Angeles County)	Illinois and Twenty-fifth Streets.	Granted	Dec. 27, 1923
12964	9377	Southern Pacific Company (City of Vernon)	Alameda St. vic. of Florence.	Granted	Dec. 28, 1923
12965	9392	Southern Pacific Company (Cities of Vernon and Los Angeles)	Alameda Street.	Granted	Dec. 28, 1923
12966	9598	Atchison, Topeka and Santa Fe (City of San Diego)	Bean Street.	Granted	Dec. 28, 1923
12967	9636	Atchison, Topeka and Santa Fe (City of San Francisco)	North Point Street, Taylor and Mason Streets.	Granted	Dec. 28, 1923
12975	9628	Southern Pacific Company (County of Stanislaus)	Arch Street, Modesto.	Granted	Dec. 29, 1923
12977	9629	Southern Pacific Company (City of Monrovia)	Chestnut and Ivy Avenues.	Granted	Dec. 31, 1923
12984	9096	City of Calipatria (Southern Pacific Company)	Right of way over tracks of Southern Pacific, Calipatria.	Granted	Dec. 31, 1923
12987	9494	County of Imperial (Southern Pacific Company)	North Street.	Granted	Jan. 3, 1924
13006	9637	Southern Pacific Company (City of Oakland)	Sunnyside Street.	Granted	Jan. 3, 1924
13017	9640	The Western Pacific Railroad (City of San Leandro)	Thorton Street.	Granted	Jan. 9, 1924
13017	9634	Southern Pacific Company (City of Vernon)	Center Avenue.	Granted	Jan. 9, 1924
13026	9530	Pacific Electric Railway Company (City of Los Angeles)	First Street—Glendale Boulevard.	Granted	Jan. 10, 1924
13043	9666	Southern Pacific Company (City and County of San Francisco)	Utah and Fifteenth Streets.	Granted	Jan. 15, 1924
13045	9682	Pacific Electric Railway Company (City of Los Angeles)	Twentieth and Long Beach Avenue.	Granted	Jan. 15, 1924
13067	9590	County of Tulare (Atchison, Topeka and Santa Fe Railway Company)	Township 16, etc. Mt. Diablo Base and Meridian.	Granted	Jan. 21, 1924
13068	9690	Southern Pacific Company (City of Oakland)	Forty-sixth Avenue and Clement Street.	Granted	Jan. 21, 1924
13072	9444	County of Tulare (Southern Pacific Company)	Section 16, T. 19 S., R. 24 E., Mt. Diablo Base and Meridian.	Granted	Jan. 23, 1924
13073	9045	Pacific Electric Railway Company (City of Long Beach)	Daisy Avenue between Fourteenth and Cowles Streets.	Granted	Jan. 23, 1924

TABLE D—GRADE CROSSINGS—Continued.

Dec. No.	App. No.	Applicant (and other parties)	Location	Action	Date
13074	9846	Pacific Electric Railway Company (City of Long Beach)	Pico Street, north of Wilmington Boulevard	Granted	Jan. 23, 1924
13077	9844	Pacific Electric Railway Company (County of Los Angeles)	One Hundredth Avenue, near Sawtelle	Granted	Jan. 24, 1924
13078	9891	Southern Pacific Company (City of Los Angeles)	Second alley south of Sixth Street	Granted	Jan. 24, 1924
13082	9896	Southern Pacific Company (City of Long Beach)	Public Roadway west of Pico Avenue	Granted	Jan. 26, 1924
13083	9897	Southern Pacific Company (City of Long Beach)	Public Road west of Canal Street	Granted	Jan. 26, 1924
13090	9706	Southern Pacific Company (City and County of San Francisco)	Florida and Seventeenth Streets	Granted	Jan. 28, 1924
13092	9512	Southern Pacific Company (City of El Centro)	Third Street, Commercial Avenue, etc.	Granted	Jan. 28, 1924
13093	9702	Southern Pacific Company (City of Oakland)	Eighteenth Street and Peralta Street	Granted	Jan. 28, 1924
13095	9841	Los Angeles and Salt Lake Railroad Company (Los Angeles)	Normon Street, Ocean Avenue, Terminal Island	Granted	Jan. 30, 1924
13096	9897	Pacific Electric Railway Company (City of Pasadena)	Lake Avenue	Granted	Jan. 30, 1924
13107	9878	Southern Pacific Company (City of Oxnard)	Public Road known as Third Street	Granted	Jan. 30, 1924
13109	9713	Southern Pacific Company (City of San Buenaventura)	Elder and Santa Clara Streets	Granted	Feb. 2, 1924
13110	9801	Board of Supervisors of County of Los Angeles (Pacific Electric Railway)	Meirose Avenue	Granted	Feb. 2, 1924
13119	9802	Board of Supervisors of County of Los Angeles (Pacific Electric Railway)	Beverly Boulevard	Granted	Feb. 3, 1924
13124	9728	Pacific Electric Railway Company (City of Newport Beach)	Twenty-seventh Avenue and east of Nineteenth Street	Granted	Feb. 3, 1924
13125	9741	Southern Pacific Company (City of Berkeley)	Parker Street	Granted	Feb. 8, 1924
13146	9449	City of Santa Monica (Southern Pacific Company et al.)	Sixth Street	Granted	Feb. 8, 1924
13147	9639	Los Angeles and Salt Lake Railroad Company (City of Vernon)	East Thirty-seventh Street	Denied	Feb. 13, 1924
13148	9638	Southern Pacific Company (vicinity of Calexico)	West Railroad Boulevard	Granted	Feb. 13, 1924
13149	9731	San Diego and Arizona Railway Company (City of National City)	Certain streets	Granted	Feb. 13, 1924
13152	9885	City of Redlands (Southern Pacific Company)	Brookside Station	Granted	Feb. 13, 1924
13153	9422	County of Contra Costa (Southern Pacific Company)	Brookside Station	Granted	Feb. 13, 1924
13154	9594	County of Contra Costa (San Francisco-Sacramento Railroad Company)	Near Galindo	Granted	Feb. 14, 1924
13157	9778	The Atchison, Topeka and Santa Fe Railway Company (Emeryville)	Near Meiner Station	Granted	Feb. 14, 1924
13168	9623	People of the State of California (California Central Railroad)	Adeline and Forty-sixth Streets	Granted	Feb. 15, 1924
13169	9065	County of Los Angeles (Atchison, Topeka and Santa Fe Railway Co.)	Near Betabel, San Benito County	Granted	Feb. 15, 1924
13170	9558	City of Alhambra (Southern Pacific Company-Monrovia Branch)	Santa Fe Springs and Whittier Road	Granted	Feb. 15, 1924
13171	9755	Southern Pacific Company (City of Burbank)	Olive Street north of Main Street	Granted	Feb. 16, 1924
13172	9762	Pacific Electric Railway Company (Long Beach)	Front Street	Granted	Feb. 18, 1924
13173	9772	Southern Pacific Company (City and County of San Francisco)	Commercial and Canal Streets	Granted	Feb. 18, 1924
13179	9626	Northern Pacific Railroad Company (City of Petaluma)	Florida Street and Mariposa Street	Granted	Feb. 18, 1924
13180	9635	Southern Pacific Company (City of El Centro)	Adams or East "D" Street	Granted	Feb. 19, 1924
13196	9790	The Atchison, Topeka and Santa Fe Railway Company (San Bernardino County)	Broadway Street	Granted	Feb. 19, 1924
13197	9792	The Atchison, Topeka and Santa Fe Railway Company (City of Colton)	Leon Station near Victorville	Granted	Feb. 26, 1924
13198	9793	Southern Pacific Company (City of Oakland)	Mill Street	Granted	Feb. 26, 1924
13203	9334	City of Tulare (Southern Pacific Company)	East Tenth Street, Forty-sixth Avenue and Forty-fifth Avenue	Granted	Feb. 26, 1924
13204	9385	Southern Pacific Company (County of Los Angeles)	King Street	Denied	Feb. 28, 1924
13205	9423	County of Fresno (Southern Pacific Railroad)	Vicinity of Florence-Durfee Street	Denied	Feb. 28, 1924
13213	9812	Southern Pacific Company (City of Los Angeles)	West Avenue	Denied	Feb. 28, 1924
13224	9826	The Atchison, Topeka and Santa Fe Railway Company (Fresno County)	Rubidoux Street, Thenard Station	Granted	Feb. 28, 1924
13225	9816	The Atchison, Topeka and Santa Fe Railway Company (City of Berkeley)	Near Del Roy	Granted	Feb. 29, 1924
			Hopkins Street	Granted	Feb. 29, 1924

TABLE D—GRADE CROSSINGS—Continued.

Dec. No.	App. No.	Applicant (and other parties)	Location	Action	Date
13226	9788	The Atchison, Topeka and Santa Fe Railway Company (City of Anaheim).	South Orange Street and East Santa Ana Street.	Granted	Feb. 29, 1924
13253	9735	Southern Pacific Company (Aurant Station, Los Angeles County).	Coverly Avenue.	Granted	Mar. 13, 1924
13254	9791	The Atchison, Topeka and Santa Fe Railway Company (City of Los Angeles).	Ninerva Street.	Granted	Mar. 13, 1924
13255	9794	Southern Pacific Company (City of Glendale).	Goodwin Avenue.	Granted	Mar. 13, 1924
13256	9828	The Atchison, Topeka and Santa Fe Railway Company (City of Los Angeles).	Commercial Street.	Granted	Mar. 13, 1924
13257	9839	Southern Pacific Company (City of Oakland).	Forty-sixth Avenue, Hutchinson Station.	Granted	Mar. 13, 1924
13258	9847	San Francisco-Sacramento Railroad Company (Walnut Creek).	East Street.	Granted	Mar. 13, 1924
13259	9852	Southern Pacific Company (Town of Emeryville).	Fifty-ninth Street.	Granted	Mar. 13, 1924
13260	9861	Key System Transit Company (City of Oakland).	Twenty-sixth Street.	Granted	Mar. 13, 1924
13278	9872	The Atchison, Topeka and Santa Fe Railway Company (City of Vernon).	East Twenty-sixth Street.	Granted	Mar. 19, 1924
13299	9878	Southern Pacific Company (vicinity of Jarn).	County Road (San Joaquin County).	Granted	Mar. 22, 1924
13323	9821	Fresno Interurban Railway Company (County of Fresno).	Academy, Madsen, Newmark, etc.	Granted	Mar. 25, 1924
13324	9857	Board of Supervisors of County of Stanislaus (Southern Pacific Company).	El Reposa near Valley Home.	Granted	Mar. 25, 1924
13325	9893	Southern Pacific Company (City and County of San Francisco).	Fifth Street.	Granted	Mar. 25, 1924
13333	9903	Southern Pacific Company (vicinity of Friant).	County Road (Fresno County).	Granted	Mar. 27, 1924
13334	9903	Southern Pacific Company (City of Napa).	Vallejo Street.	Granted	Mar. 27, 1924
13343	9911	Southern Pacific Company (City of Red Bluff).	Elm Street.	Granted	Mar. 29, 1924
13344	9854	Southern Pacific Company (City of Fresno).	San Benito Avenue.	Granted	Mar. 29, 1924
13356	9230	City of Venice (Pacific Electric Railway Company).	Venice Boulevard.	Granted	Apr. 2, 1924
13362	9462	City of Venice (Pacific Electric Railway Company).	Milwood Avenue.	Denied	Apr. 2, 1924
13363	9924	Pacific Electric Railway Company (County of Los Angeles).	Normandie Avenue.	Granted	Apr. 2, 1924
13363	9920	Southern Pacific Company (City of Sacramento).	Alley bounded by A and North B Streets, etc.	Granted	Apr. 2, 1924
13364	9921	Southern Pacific Company (City of Sacramento).	Thirtieth Street, etc.	Granted	Apr. 2, 1924
13365	9855	Southern Pacific Company (City of Colton).	"G" Street.	Granted	Apr. 2, 1924
13366	9853	Southern Pacific Company (City of Colton).	Alley in Block 97.	Granted	Apr. 2, 1924
13367	9919	Southern Pacific Company (City of Sacramento).	Alley bounded by A and B, Thirteenth and Fourteenth Streets.	Granted	Apr. 2, 1924
13376	9895	Board of Supervisors of County of Los Angeles (Los Angeles and Salt Lake Railroad).	Main Street, Hollydale.	Granted	Apr. 5, 1924
13386	9858	The Atchison, Topeka and Santa Fe Railway Company (San Bernardino County).	Fourteen highways between Hicks and Summit.	Granted	Apr. 7, 1924
13387	9886	The Western Pacific Railroad Company (City of Stockton).	Monroe and Van Buren Streets.	Granted	Apr. 7, 1924
13410	9479	County of Orange (Southern Pacific Company).	Fairview Avenue-Costa Mesa.	Granted	Apr. 15, 1924
13410	9576	County of Orange (Southern Pacific Company).	Victoria Street, Costa Mesa.	Granted	Apr. 15, 1924
13412	9932	Pacific Electric Railway Company (City of Los Angeles).	Vicinity of Second and Lucas Streets.	Granted	Apr. 15, 1924
13420	9931	Los Angeles and Salt Lake Railroad Company (County of Los Angeles).	Fruitland Avenue.	Granted	Apr. 15, 1924
13430	9934	Southern Pacific Company (City of Huntington Park).	Hampshire Drive.	Granted	Apr. 17, 1924
13431	9944	The Atchison, Topeka and Santa Fe Railway Company (City of Bakersfield).	"R," Fifteenth and "S" Streets.	Granted	Apr. 17, 1924
13432	9950	Pacific Electric Railway Company (City of Seal Beach).	First Street and Ocean Avenue.	Granted	Apr. 17, 1924
13436	9679	City of Elsinore (Atchison, Topeka and Santa Fe Railway Company).	Flint Street and Riley Street.	Granted	Apr. 18, 1924
13438	9677	Southern Pacific Company (City of Los Angeles).	Panama Street, Tenard Station.	Granted	Apr. 18, 1924
13444	9947	The Western Pacific Railroad Company (City of Oakland).	Third Street and Oak Street.	Granted	Apr. 21, 1924
13445	9948	The Western Pacific Railroad Company (City of Oakland).	Alice Street.	Granted	Apr. 21, 1924

TABLE D—GRADE CROSSINGS—Concluded.

Dec. No.	App. No.	Applicant (and other parties)	Location	Action	Date
13446	9975	Southern Pacific Company (Town of Morgan Hill).	Main Avenue.....	Granted	Apr. 21, 1924
13446	9975	City of Kingsburg (Southern Pacific Company)	Ellis Street.....	Granted	Apr. 23, 1924
13446	9976	Southern Pacific Company (County of Alameda)	Holland Avenue, vicinity of Estudillo.....	Granted	Apr. 23, 1924
13446	9981	Southern Pacific Company (Town of Westmoreland)	First, Second, Third, Main, etc.....	Granted	Apr. 23, 1924
13461	9988	Pacific Electric Railway Company (City of Los Angeles)	Alameda Street near Twenty-sixth Street.....	Granted	Apr. 30, 1924
13492	9787	County of Tulare (Southern Pacific Company)	West line of Section 32, Township 18, south, Range 25 east, Mt. Diablo Base and Meridian.....	Granted	Apr. 30, 1924
13497	9858	City of Parlier (The Atchison, Topeka and Santa Fe Railway Company)	J Street.....	Granted	May 1, 1924
13505	9498	Southern Pacific Company (City of Huntington Park)	Irvington Avenue (Nadeau Station).....	Granted	May 2, 1924
13507	10015	Sierra Railway Company of California (Town of Jamestown)	Sixth Street (Perera Addition).....	Granted	May 2, 1924
13508	10024	The Atchison, Topeka and Santa Fe Railway Company (City of Visalia)	S. East Street.....	Granted	May 2, 1924
13509	10028	Southern Pacific Company (City of Sacramento)	L. Street.....	Granted	May 2, 1924
13515	9505	Town of Sunnyvale (Southern Pacific Company)	Murphy Avenue.....	Granted	May 5, 1924
13538	9900	Los Angeles and Salt Lake Railroad Company (City of Los Angeles)	Lawrence, Wilson and Ninth Streets.....	Granted	May 8, 1924
13541	9495	City of Long Beach (Pacific Electric Railway Company)	Coronado Avenue.....	Granted	May 8, 1924
13546	10049	The Atchison, Topeka and Santa Fe Railway Company (County of Los Angeles)	East Twenty-sixth, near Hobart.....	Granted	May 14, 1924
13547	10051	The Atchison, Topeka and Santa Fe Railway Company (County of Los Angeles)	East Twenty-sixth, near Hobart.....	Granted	May 14, 1924
13554	10046	The Atchison, Topeka and Santa Fe Railway Company (City of Merced)	"G" Street.....	Granted	May 16, 1924
13555	10050	The Atchison, Topeka and Santa Fe Railway Company (City of Los Angeles)	Alley in Block 7, Hamilton Tract.....	Granted	May 16, 1924
13556	10055	Southern Pacific Company (City of Monterey)	Spence Street.....	Granted	May 16, 1924
13569	9731	Board of Supervisors of Merced County (Southern Pacific Company)	Atholone and Chowchilla.....	Granted	May 17, 1924
13569	9786	County of Merced (Southern Pacific Railroad)	Richman Road Extension.....	Granted	May 17, 1924
13573	9906	Southern Pacific Company (City and County of San Francisco)	Florida Street.....	Granted	May 17, 1924
13576	10056	Southern Pacific Company (City and County of San Francisco)	Bluxome Street.....	Granted	May 17, 1924
13579	9535	County of Sonoma (Northwestern Pacific Railroad Company)	Station 2527-57.....	Granted	May 17, 1924
13588	9827	The Atchison, Topeka and Santa Fe Railway Company (City and County of San Francisco)	Harrison and Stuart Streets, and Harrison and Spear Streets.....	Granted	May 21, 1924
13589	10027	Pacific Electric Railway Company (City of Burbank)	Fourth Street.....	Granted	May 21, 1924
13590	10093	Southern Pacific Company (City of Oakland)	Kirkham and portion of Eighteenth Street.....	Granted	May 21, 1924
13591	10071	The Atchison, Topeka and Santa Fe Railway Company (County of Kings)	County Road.....	Granted	May 21, 1924
13593	10085	The Atchison, Topeka and Santa Fe Railway Company (City and County of San Francisco)	Quint Street between Custer and Davidson Avenues.....	Granted	May 24, 1924
13594	10098	The Atchison, Topeka and Santa Fe Railway Company (County of Kings)	Near City of Hanford.....	Granted	May 24, 1924
13611	10097	Southern Pacific Company (County of Nevada)	State Highway near Soda Springs.....	Granted	May 28, 1924
13612	10083	Los Angeles and Salt Lake Railroad Company (East San Pedro)	Ferry Street.....	Granted	May 28, 1924
13614	10094	Southern Pacific Company (Town of Emeryville)	Hollis Street and Santa Fe Avenue.....	Granted	May 28, 1924
13616	10100	Southern Pacific Company (City of Redding)	Thirtieth Street and California Street.....	Granted	May 28, 1924
13617	10105	The Atchison, Topeka and Santa Fe Railway Company (City of Hanford)	Thornton Street.....	Granted	May 28, 1924

TABLE E—MISCELLANEOUS AND SUPPLEMENTAL ORDERS.

Dec. No.	App. No.	Applicant	Nature of Proceeding	Date
12725	C1698	Railroad Commission, Investigation of	Extension of time to comply with the requirements of Chapter 499, Statutes of 1911 as amended by Chapter 600, Statutes of 1915—Fort Bragg Electric Company.	Oct. 20, 1923
12726	C1698	Railroad Commission, Investigation of	Extension of time to comply with the requirements of Chapter 499, Statutes of 1911 as amended by Chapter 600, Statutes of 1915—Mendocino Electric Light and Power Company.	Oct. 20, 1923
12727	C1698	Railroad Commission, Investigation of	Extension of time to comply with requirements of Chapter 499-600—Vallejo Electric Light and Power Company.	Oct. 20, 1923
12728	C1698	Railroad Commission, Investigation of	Extension of time to comply with requirements of Chapter 499-600—San Francisco Napa and Calistoga Railway.	Oct. 20, 1923
12729	C1698	Railroad Commission, Investigation of	Extension of time to comply with requirements of Chapter 499-600—Central Mendocino County Power Company.	Oct. 20, 1923
12730	C1698	Railroad Commission, Investigation of	Extension of time to comply with requirements of Chapter 499-600—Callayoni Electric Plant.	Oct. 20, 1923
12731	C1698	Railroad Commission, Investigation of	Extension of time to comply with requirements of Chapter 499-600—Novato Utilities Company.	Oct. 20, 1923
12732	9438	Inglewood Water Company.	To abandon and sell certain pipe lines in Los Angeles County.	Oct. 20, 1923
12737	5332	Anton Nelsson and Manuel Barcia.	Supplemental order revoking Decision 7362 to operate auto service—Arvilla-San Luis Obispo.	Oct. 20, 1923
12738	3708	City of Palo Alto.	Supplemental order extending time to comply with order in Decision 9338.	Oct. 23, 1923
12742	9454	Spring Valley Water Company.	To sell certain real property to The Olympic Club—San Mateo County.	Oct. 23, 1923
12743	9455	H. K. Sears and C. J. Lee.	Former to sell Gerber Water Works to latter.	Oct. 23, 1923
12744	9458	East Bay Water Company.	Authorized to sell certain real property.	Oct. 23, 1923
12745	8713	Andrew Castro.	Supplemental order authorizing abandonment auto service—Castroville, California and Monterey Union High School.	Oct. 23, 1923
12746	8871	J. W. Purkhiser.	Supplemental order revoking Decision 12392 to operate freight and express service—Fresno-Pinedale.	Oct. 23, 1923
12748	9438	Inglewood Water Company.	Supplemental order fixing effective date for the abandonment of pipe lines.	Oct. 23, 1923
12756	8774	T. J. Cronin "Madera-Wawona Stage Line"	Supplemental order amending Decision 12484 to extend freight line.	Oct. 24, 1923
12757	C1698	Railroad Commission, Investigation of	Extension of time to comply with the requirements of Chapter 499-600—Yacaville Water and Power Company.	Oct. 25, 1923
12758	C1698	Railroad Commission, Investigation of	Extension of time to comply with the requirements of Chapter 499-600—Pinole Light and Power Company.	Oct. 25, 1923
12760	8870	San Diego Consolidated Gas and Electric Company.	Supplemental order denying modification of Decision 12139 to sell stock.	Oct. 25, 1923
12767	C1843	Robert H. Duly vs. Pacific Gas and Electric Company.	Supplemental order denying modification of order in Decision 12580.	Oct. 26, 1923
12768	C1844	James W. Flannery et al. vs. Great Western Power Company of California.	Supplemental order modifying order in Decision 12582.	Oct. 27, 1923
12771	2665	Madera Gas Company.	Supplemental order extending time to comply with order in Decision 4049, as amended.	Oct. 27, 1923
12778	C1791	S. Aronson et al. vs. C. R. Spickard et al.	Order denying rehearing.	Oct. 31, 1923
12779	6765	J. S. Cain.	To transfer power plant and water rights to Mono Mining Company, assignee of Nevada Progressive Gold Mining Corporation.	Nov. 1, 1923
12800	7186	The Monterey, San Francisco Express Company.	Supplemental order to operate motor express service—San Francisco-Carmel Highlands, etc.	Nov. 5, 1923
				Nov. 6, 1923

TABLE E—MISCELLANEOUS AND SUPPLEMENTAL ORDERS—Continued.

Dec. No.	App. No.	Applicant	Nature of Proceeding	Date
12805	9441	W. P. Cunningham et al., "Sherman Water Company".....	To transfer portion of water system to Col. Ed. Fletcher and cut certain transmission lines.....	Nov. 8, 1923
12810	9431	City of East San Diego and J. W. Wiley.....	Authorizing transfer of water system by J. W. Wiley to City of East San Diego.....	Nov. 10, 1923
12819	9308	Frank P. Cady and Rilla E. Cady.....	To revise water rates—Town of Susanville.....	Nov. 13, 1923
12827	C1028	Hodge Transportation System vs. Upland Transfer Company et al.....	To establish boundaries for water service.....	Nov. 13, 1923
12829	9038	Western States Gas and Electric Company.....	Unlawful operation auto stage operation—Riverside-San Bernardino Counties.....	Nov. 16, 1923
12830	C1698	Railroad Commission, Investigation of.....	Supplemental order authorizing the issuance and sale of \$500,000 of six per cent bonds.....	Nov. 16, 1923
12831	C1698	Railroad Commission, Investigation of.....	Extension of time to comply with the requirements of Chapter 499-600—Quincy Electric Light and Power Company.....	Nov. 16, 1923
12832	C1698	Railroad Commission, Investigation of.....	Extension of time to comply with the requirements of Chapter 499-600—Truckee Electric Light and Power Company.....	Nov. 16, 1923
12833	C1698	Railroad Commission, Investigation of.....	Extension of time to comply with the requirements of Chapter 499-600—City of Healdsburg.....	Nov. 16, 1923
12834	C1698	Railroad Commission, Investigation of.....	Extension of time to comply with requirements of Chapter 499-600—Indian Valley Light and Power Company.....	Nov. 16, 1923
12848	7596	Minarets and Western Railway Company.....	Extension of time to comply with requirements of Chapter 499-600—Glendale and Montrose Railway.....	Nov. 16, 1923
12850	9489	Pacific Electric Railway Company.....	Supplemental order authorizing construction of main line track across certain county roads—County of Madera.....	Nov. 21, 1923
12862	8272	Midland Counties Public Service Corporation.....	To remove station platforms and facilities on Santa Ana Line.....	Nov. 26, 1923
12878	9541	Mountain Water Company.....	Supplemental order authorizing use of proceeds from sale of bonds.....	Nov. 26, 1923
12888	8743	Frank A. Warfield.....	To abandon public utility water service—Lamanda Park.....	Nov. 26, 1923
12892	C1531	Railroad Commission, Investigation of.....	Supplemental order revoking and annulling Decision No. 12736.....	Nov. 28, 1923
12897	C1776	City of San Bernardino vs. Southern California Gas Company.....	Investigation into rules, regulations, service, etc., of Southern California Telephone Company.....	Dec. 1, 1923
12907	C1789	Motor Transit Company vs. Ed. Lingo et al.....	Petition for rehearing denied.....	Dec. 3, 1923
12908	9301	San Diego Electric Railway Company.....	Unlawful operation auto line between Colton-Arrowhead Lake-San Bernardino.....	Dec. 7, 1923
12910	8272	Midland Counties Public Service Corporation.....	Supplemental order authorizing execution of equipment trust agreement, etc.....	Dec. 7, 1923
12912	C1955	The Wesley Roberts Company et al. vs. Southern California Telephone Company.....	Supplemental order authorizing use of proceeds from sale of bonds.....	Dec. 7, 1923
12919	8316	Atchison, Topeka and Santa Fe Railway Company.....	To compel defendants to render telephone service from its Los Angeles central office, thereby eliminating present toll charges.....	Dec. 11, 1923
12928	9565	Atchison, Topeka and Santa Fe Railway Company et al.....	Order rescinding Decision 11125 and dismissing application to construct spur track, Visalia.....	Dec. 11, 1923
12930	8529	Motor Coach Company.....	Approval of agreement covering joint use of truckage, Stockton.....	Dec. 13, 1923
12940	C1698	Railroad Commission, Investigation of.....	Supplemental order authorizing use of proceeds from sale of stock.....	Dec. 13, 1923
			Extension of time to comply with requirements of Chapter 499-600—Market Street Railway Company.....	Dec. 20, 1923

TABLE E—MISCELLANEOUS AND SUPPLEMENTAL ORDERS—Continued.

Dec. No.	App. No.	Applicant	Nature of Proceeding	Date
12941	C1698	Railroad Commission, Investigation of	Extension of time to comply with requirements of Chapter 499-600—Needles Gas and Electric Company.	Dec. 20, 1923
12942	C1698	Railroad Commission, Investigation of	Extension of time to comply with requirements of Chapter 499-600—Fair Oaks Electric Company.	Dec. 20, 1923
12943	C1698	Railroad Commission, Investigation of	Extension of time to comply with requirements of Chapter 499-600—California-Oregon Power Company.	Dec. 20, 1923
12944	C1867	City of Santa Monica vs. Southern Counties Gas Company of California.	Excessive and inequitable rates—petition for rehearing denied.	Dec. 20, 1923
12971	C1932	City of Venice vs. Southern Counties Gas Company of California.	Discriminatory and unjust rates for gas service—petition for rehearing denied.	Dec. 20, 1923
	9069	Pasadena-Ocean Park Stage.	To establish new schedule of rates.	Dec. 31, 1923
	C1864	California Packing Corporation vs. Southern Pacific Company et al.	Unjust, unreasonable and unlawful charges on empties during the period intervening between March 1, 1920-August 31, 1920—petition for rehearing denied.	Dec. 31, 1923
	C1866	Hunt Brothers Packing Company vs. Southern Pacific Company.	Unjust, unreasonable and unlawful charges on empties during the period intervening between March 1, 1920-August 31, 1920—petition for rehearing denied.	Dec. 31, 1923
	C1868	Rosenberg Brothers and Company vs. Southern Pacific Company.	Unjust, unreasonable and unlawful charges on empties during the period intervening between March 1, 1920-August 31, 1920—petition for rehearing denied.	Dec. 31, 1923
	C1869	Libby, McNeill and Libby vs. Southern Pacific Company.	Unjust, unreasonable and unlawful charges on empties during the period intervening between March 1, 1920-August 31, 1920—petition for rehearing denied.	Dec. 31, 1923
	C1885	Richmond-Chase Company et al. vs. Southern Pacific Company.	Unjust, unreasonable and unlawful charges on empties during the period intervening between March 1, 1920-August 31, 1920—petition for rehearing denied.	Dec. 31, 1923
12076	C1888	Max Schukl vs. Southern Pacific Company.	Unjust, unreasonable and unlawful charges on empties during the period intervening between March 1, 1920-August 31, 1920—petition for rehearing denied.	Dec. 31, 1923
	C1892	A. A. Wilson, Trustee, vs. Southern Pacific Company.	Unjust, unreasonable and unlawful charges on empties during the period intervening between March 1, 1920-August 31, 1920—petition for rehearing denied.	Dec. 31, 1923
	C1896	Sun-Maid Raisin Growers vs. Southern Pacific Company et al.	Unjust, unreasonable and unlawful charges on empties during the period intervening between March 1, 1920-August 31, 1920—petition for rehearing denied.	Dec. 31, 1923
	C1905	H. G. Prince and Company vs. Southern Pacific Company.	Unjust, unreasonable and unlawful charges on empties during the period intervening between March 1, 1920-August 31, 1920—petition for rehearing denied.	Dec. 31, 1923
	C1906	Western Canning Company vs. Southern Pacific Company et al.	Unjust, unreasonable and unlawful charges on empties during the period intervening between March 1, 1920-August 31, 1920—petition for rehearing denied.	Dec. 31, 1923
	C1907	Pacific Coast Canning Company vs. Southern Pacific Company.	Unjust, unreasonable and unlawful charges on empties during the period intervening between March 1, 1920-August 31, 1920—petition for rehearing denied.	Dec. 31, 1923
	C1949	Golden State Canneries vs. Southern Pacific Company.	Unjust, unreasonable and unlawful charges on empties during the period intervening between March 1, 1920-August 31, 1920—petition for rehearing denied.	Dec. 31, 1923
12979	C1845	Railroad Commission, Investigation of	Unjust, unreasonable and unlawful charges on empties during the period intervening between March 1, 1920-August 31, 1920—petition for rehearing denied.	Dec. 31, 1920
12986	9543	Pacific Electric Railway Company.	Supplemental order modifying Decision 11353 re Classification of Electrical Accounts To remove and abandon waiting station—Ocean Park.	Jan. 2, 1924 Jan. 3, 1924

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TABLE E—MISCELLANEOUS AND SUPPLEMENTAL ORDERS—Continued.

Dec. No.	App. No.	Applicant	Nature of Proceeding	Date
12988	9442	Pickwick Stages, N. D.	Supplemental order authorizing execution of equipment trust agreement.	Jan. 4, 1924
12994	9617	Pacific Electric Railway Company.	To remove and abandon shelter station—Bolsa Chica.	Jan. 4, 1924
12995	8235	A. Ellis.	Supplemental order authorizing the abandonment of truck service—Bodega-Santa Rosa.	Jan. 4, 1924
12996	8229	Sunland Rural Telephone Company.	Supplemental order authorizing increase in telephone rates and charges.	Jan. 9, 1924
13008	9663	Howard Park Company.	To sell water system to W. T. Estep.	Jan. 9, 1924
13010	6870	Anna E. Vaughan et al. "Napa Soda Springs"	Supplemental order authorizing abandonment of stage service—Napa-Napa Soda Springs.	Jan. 9, 1924
13011	8900	T. K. Brown.	Supplemental order revoking Decision No. 12222.	Jan. 9, 1924
13012	9179	Coast Valleys Gas and Electric Company.	Supplemental order amending Decision 12375, re proceeds from bond sale.	Jan. 9, 1924
13019	3708	City of Palo Alto.	Supplemental order extending time for maintenance of grade crossing.	Jan. 9, 1924
13027	8552	Southern California Gas Company.	Supplemental order modifying Decision 11493, re stock to issue and sell.	Jan. 10, 1924
13028	8568	Western States Gas and Electric Company.	Second supplemental order modifying Decision 11579, re stock to issue and sell.	Jan. 10, 1924
13046	8274	V. W. Butler.	Supplemental order revoking Decision 11309—certificate auto stage.	Jan. 15, 1924
13048	8612	James Robinson and Geo. A. Thompson et al.	Supplemental order revoking Decision 11583—transfer auto freight line.	Jan. 15, 1924
13049	8862	George Lattin Montrose Railway et al.	Supplemental order revoking Decision 12472—certificate auto stage line.	Jan. 15, 1924
13050	8893	Glendale and Montrose Railway et al.	First supplemental order authorizing execution of agreement.	Jan. 15, 1924
13051	7147	Sacramento Northern Railroad et al.	First supplemental order amending Decision 9620—to issue stock and transfer property.	Jan. 15, 1924
13052	8272	Midland Counties Public Service Corporation.	Fourteenth supplemental order modifying Decision 11038—to issue and sell bonds.	Jan. 15, 1924
13053	9333	Centerville Water Company.	First supplemental order modifying Decision 12656—to execute deed of trust, and to issue bonds.	Jan. 15, 1924
13057	8250	F. E. Smith and Elmer F. Scott.	Supplemental order revoking Decision No. 11120—transfer of auto truck line.	Jan. 15, 1924
13058	8336	H. A. Wilson.	Supplemental order revoking Decision 8428—transfer auto stage line.	Jan. 16, 1924
13060	9367	Hugh Goodfellow et al. San Francisco-Oakland Terminal Railways.	Supplemental order revoking Decision 8428—transfer auto stage line.	Jan. 16, 1924
13069	7808	California-Oregon Power Company.	Petition for rehearing denied—filed by Louis H. Bien.	Jan. 17, 1924
	8184		Seventh supplemental order revoking Decision 10506, 10952, 11395, stock to issue and sell.	Jan. 21, 1924
	8457	California-Oregon Power Company.	Fourth supplemental order revoking Decision 10506, 10952, 11395, stock to issue and sell.	Jan. 21, 1924
13070	9536	C. A. Davidson.	Applicant granted certificate to operate water system, Oro Grande, San Bernardino County.	Jan. 21, 1924
13075	9333	Centerville Water Company.	Second supplemental order approving deed of trust.	Jan. 23, 1924
13079	9699	Los Angeles and Salt Lake Railroad.	Authorizing discontinuance of operation of mixed trains, Nos. 41 and 42.	Jan. 23, 1924
	9674	C. R. Downs (Sutter and Amador Water Company and Ione Water Company).	First supplemental order modifying Decision No. 13064.	Jan. 26, 1924
13084	9575	Amador Electric Light and Power Company.	Amending Decision No. 11461.	Jan. 26, 1924
13085	8514	Southern Pacific Company.	First supplemental order modifying Decision No. 10910—bonds to issue and sell.	Jan. 26, 1924
13089	7574	Fair Oaks Electric Company.	Extension of time to comply with requirements of Chapter 499-600—Bay Point Light and Power Company.	Jan. 28, 1924
13094	C1698	Railroad Commission, Investigation of.	Supplemental order modifying and amending previous order.	Jan. 28, 1924
13097	9069	Pasadena-Ocean Park Stage Line.	Supplemental order No. 8408.	Jan. 30, 1924
13126	9168	Whaley, C. C. and E. E.	Annuling Decision No. 8408.	Feb. 8, 1924
13127	7043	Paddon, Edward Locke.	Revoking and annulling Decision No. 9281.	Feb. 8, 1924

TABLE E—MISCELLANEOUS AND SUPPLEMENTAL ORDERS—Continued.

Dec. No.	App. No.	Applicant	Nature of Proceeding	Date
13137	C1698	Railroad Commission, Investigation of	Extension of time to comply with requirements of Chapter 499-600—Great Western Power Company.	Feb. 11, 1924
13155	9756	MacLay Ranch Water Company	To execute a quitclaim deed.	Feb. 14, 1924
13158	9438	Inglewood Water Company	Supplemental order ordering previous decisions to remain in full force and effect.	Feb. 14, 1924
13161	9763	Southern California Edison Company and San Joaquin Light and Power Corporation	Authorizing applicants to enter into two certain agreements.	Feb. 15, 1924
13163	9509	Hugh Goodfellow, Warren Olney and W. I. Brobeck	Authorizing discontinuance and abandonment of certain service in the City of Richmond.	Feb. 16, 1924
13164	9639	Bear Valley Utility Company	Authorizing order preliminary to issuance of certificate to operate public utility water system.	Feb. 16, 1924
13165	9711	Rourke, Thomas J. and Ella M., and the Baldwin Park Domestic Water Company, Inc.	Former authorized to sell to latter certain water system.	Feb. 16, 1924
13167	9737	Tony Abraham and Domenico Rovai	Former authorized to transfer to latter certain water system in vicinity of the Town of Wildwood, Humboldt County.	Feb. 16, 1924
13168	7317	Sutter-Butte Canal Company	Authorizing previous decisions to remain in full force and effect.	Feb. 16, 1924
13169	9593	The Ratterree Brothers Company	Granting certificate to operate water system, San Mateo County.	Feb. 18, 1924
13174	C1730	Pacific Portland Cement Company, Cons. vs. Southern Pacific Company	Denying defendant's petition for rehearing.	Feb. 18, 1924
13175	C1953	Commission vs. Southwestern Home Telephone Company	Order denying rehearing.	Feb. 18, 1924
13182	9567	Graves, J. A. and Jacob Bean Realty Company	Modifying Decision No. 13103—supplemental.	Feb. 19, 1924
13194	C1698	Commission vs. Glendale and Montrose Railway	Relative to overhead construction.	Feb. 21, 1924
13199	C1941	Poplin, A. G. et al. vs. Ojai Power Company	Modifying Decision No. 13025.	Feb. 21, 1924
13207	9683	Hadlock, Fred L. et al. (Sola Water Company)	To sell water plant to W. T. Estep, authorized.	Feb. 26, 1924
13210	C1498	Commission vs. A. B. Watson (Crown Stage Company)	Dismissing investigation into rates, fares, etc.	Feb. 28, 1924
13211	C1965	Commission vs. Atchison, Topeka and Santa Fe Railway Company	Authorizing safety protection at crossing in City of Anaheim.	Feb. 28, 1924
13215	C1698	Commission vs. Western States Gas and Electric Company	Extending time in which to comply with requirements of Chapter 499-600.	Feb. 28, 1924
13216	C1698	Commission vs. San Diego Consolidated Gas and Electric Company	Relative to overhead line construction.	Feb. 28, 1924
13217	C1698	Commission vs. Coast Valleys Gas and Electric Company	Relative to overhead line construction.	Feb. 28, 1924
13218	C1698	Commission vs. City of Santa Clara	Extending time in which to comply with requirements of Chapter 499-600.	Feb. 28, 1924
13219	C1698	Commission vs. Union Traction Company	Extending time in which to comply with requirements of Chapter 499-600.	Feb. 28, 1924
13220	C1698	Commission vs. Peninsula Railway Company	Extending time in which to comply with requirements of Chapter 499-600.	Feb. 28, 1924
13221	C1698	Commission vs. Ben Lomond Light Company	Extending time in which to comply with requirements of Chapter 499-600.	Feb. 28, 1924
13222	C1698	Commission vs. The Capitol Light Company	Extending time in which to comply with requirements of Chapter 499-600.	Feb. 28, 1924
13229	C1698	Commission vs. Southern California Edison Company	Extending time in which to comply with requirements of Chapter 499-600.	Feb. 29, 1924
13240	9161	Egan, Harry L. and Alice L.	Revoking and annulling Decision No. 13175.	Mar. 4, 1924

TABLE E—MISCELLANEOUS AND SUPPLEMENTAL ORDERS—Continued.

Dec. No.	App. No.	Applicant	Nature of Proceeding	Date
13241	9168	Harding, Harry C. and James N., and Wm. T. Burr, co-partners.	Revoking and annulling Decision No. 12651.	Mar. 4, 1924
13242	9425	Croun, T. J., and William Watt.	Supplemental order amending paragraph II of Decision No. 13145.	Mar. 4, 1924
13243	9692	San Joaquin Light and Power Corporation.	Authorizing re-classification of preferred stock.	Mar. 4, 1924
13244	C1698	Commission vs. San Francisco-Sacramento Railroad Company.	Extending time in which to comply with requirements of Chapter 498-600.	Mar. 4, 1924
13245	C1698	Commission vs. Sacramento Northern Railroad.	Extending time in which to comply with requirements of Chapter 498-600.	Mar. 4, 1924
13246	C1698	Commission vs. Pacific Gas and Electric Company.	Supplemental order authorizing temporary grade crossing.	Mar. 4, 1924
13251	9585	Sacramento Street Railway Department).	Extending time in which to comply with requirements of Chapter 498-600.	Mar. 4, 1924
13261	9145	Redlands, City of.	Supplemental order authorizing temporary grade crossing.	Mar. 11, 1924
13262	C1730	Santa Fe and Los Angeles Harbor Railway Company.	Supplemental order authorizing construction of grade crossing.	Mar. 13, 1924
13272	C1743	Pacific Portland Cement Company, Cons. vs. Southern Pacific Company.	Order rescinding prior order denying rehearing.	Mar. 13, 1924
13273	9471	Commission vs. Western Water Company.	Supplemental order modifying Decision No. 12004.	Mar. 14, 1924
13278	9475	The Atchison, Topeka and Santa Fe Railway Company.	Order denying rehearing—re construction of spur track.	Mar. 14, 1924
13277	C1698	Railroad Commission, Investigation of.	Order denying rehearing—re construction of spur track.	Mar. 14, 1924
13280	9893	C. N. Gaylord and A. W. Clark.	Extension of time to comply with requirements of Chapter 499, Statutes of 1911 as amended by Chapter 600, Statutes of 1915—Pacific Electric Railway.	Mar. 19, 1924
13287	7456	V. M. Freeman.	Supplemental order revoking and annulling Decision No. 9321—auto line.	Mar. 19, 1924
13288	7540	Fred J. Fukioka.	Supplemental order revoking and annulling Decision No. 10134—auto line.	Mar. 19, 1924
13289	8247	Mrs. Mary A. Latour.	Supplemental order revoking and annulling Decision No. 10346—auto line.	Mar. 19, 1924
13290	8459	John Bieber.	Supplemental order renewing prior order to transfer and sell telephone exchange to Mrs. Frank Hendricks.	Mar. 19, 1924
13291	8815	Palm Garage Transit Company (G. J. Knight).	Supplemental order revoking and annulling Decision No. 11320—transportation of school children.	Mar. 19, 1924
13292	9014	E. G. Bouchard.	Supplemental order revoking and annulling Decision No. 12695—auto stage service.	Mar. 19, 1924
13293	8911	Beverly Hills, City of.	Supplemental order revoking and annulling Decision No. 12102—auto stage service.	Mar. 19, 1924
13300	9681	East Bay Water Company.	Petition for rehearing denied—re grade crossing.	Mar. 19, 1924
13302	9571	East Bay Water Company.	To sell certain real property to Pacific Gas and Electric Company.	Mar. 22, 1924
13303	9383	Centerville Water Company.	Second supplemental order modifying Decision No. 13233—re issue of bonds and stock or notes.	Mar. 22, 1924
13305	9650	B. G. Adams (Vermont Water Company).	Third supplemental order authorizing use of proceeds from sale of bonds.	Mar. 22, 1924
13307	9845	M. H. Dalley.	Granting certificate to operate water system—Los Angeles County.	Mar. 22, 1924
13322	9784	Earl B. Stephens.	Authorized to sell and transfer telephone line to Ralph M. Follows.	Mar. 24, 1924
13329	9866	J. S. Cain.	Authorized to sell telephone line to Frank A. Grenitt; same to be operated as a farmer line.	Mar. 25, 1924
13336	9590	Tulare, County of.	Authorized to discontinue service of electricity in Bodie, Mono County.	Mar. 26, 1924
13338	9634	Coast Valleys Gas and Electric Company.	Supplemental order amending Decision No. 13067.	Mar. 26, 1924
13345	9806	Pacific Gas and Electric Company.	Order denying rehearing—re contract.	Mar. 27, 1924
		Spring Valley Water Company.	Order denying rehearing—re contract.	Mar. 27, 1924
			Authorized to grant to the City and County of San Francisco an easement for right of way over certain lands in Alameda County.	Mar. 27, 1924

TABLE E—MISCELLANEOUS AND SUPPLEMENTAL ORDERS—Continued.

Dec. No.	App. No.	Applicant	Nature of Proceeding	Date
13346	9587	J. A. Graves and Jacob Bean Realty Company.	Supplemental order modifying and amending Decision Nos. 13103 and 13182.	Mar. 20, 1924
13347	C1730	Pacific Portland Cement Company, Cons. vs. Southern Pacific Company.	Order denying petition for modification of opinion.	Mar. 20, 1924
13348	C1698	Railroad Commission, Investigation of.	Extension of time to comply with requirements of Chapter 499, Statutes of 1911, as amended by Chapter 600, Statutes of 1915—Great Western Power Company.	Mar. 20, 1924
13353	C1698	Railroad Commission, Investigation of.	Extension of time to comply with requirements of Chapter 499, Statutes of 1911, as amended by Chapter 600, Statutes of 1915—Southern Sierras Power Company.	Mar. 20, 1924
13360	8936	Frank A. Wood.	Supplemental order revoking and annulling Decision No. 10727.	Apr. 2, 1924
13377	8043	Jacob J. Reppert.	Extension of time to comply with requirements of Chapter 499, Statutes of 1911, as amended by Chapter 600, Statutes of 1915—City of Riverside.	Apr. 5, 1924
13378	C1698	Railroad Commission, Investigation of.	Extension of time to comply with requirements of Chapter 499, Statutes of 1911, as amended by Chapter 600, Statutes of 1915—Pacific Gas and Electric Company.	Apr. 5, 1924
13379	C1698	Railroad Commission, Investigation of.	Extension of time to comply with requirements of Chapter 499, Statutes of 1911, as amended by Chapter 600, Statutes of 1915—Bell Electric Company.	Apr. 5, 1924
13380	C1698	Railroad Commission, Investigation of.	Extension of time to comply with requirements of Chapter 499, Statutes of 1911, as amended by Chapter 600, Statutes of 1915—Downville Electric Light Company.	Apr. 5, 1924
13381	C1698	Railroad Commission, Investigation of.	Extension of time to comply with requirements of Chapter 499, Statutes of 1911, as amended by Chapter 600, Statutes of 1915—California Oregon Power Company.	Apr. 5, 1924
13382	C1698	Railroad Commission, Investigation of.	Extension of time to comply with requirements of Chapter 499-600—Southern California Edison Company.	Apr. 5, 1924
13383	C1698	Railroad Commission, Investigation of.	Authorized to sell certain real property.	Apr. 5, 1924
13385	9823	Associated Telephone Company.	Supplemental order revoking paragraph No. 2 of order in Decision No. 13313.	Apr. 7, 1924
13388	9600	E. B. Harris and M. L. Bounds, Jr.	Supplemental order revoking certificates of public convenience and necessity.	Apr. 7, 1924
13389	7802	T. B. Bennett and W. S. Brunner.	Authorized to exercise rights and privileges under Ordinance No. 228 passed by Board of Supervisors of County of Fresno.	Apr. 7, 1924
13390	9765	Pacific Gas and Electric Company.	Authorized to abandon passenger service in City of Los Angeles.	Apr. 9, 1924
13396	9803	Pacific Electric Railway Company.	Authorized to abandon and remove shelter station at Newport Beach.	Apr. 11, 1924
13398	9701	Pacific Electric Railway Company.	Authorized to abandon and remove unloading freight platform at Wilmington Road on the Wilmington-San Pedro Line.	Apr. 11, 1924
13400	9841	Pacific Electric Railway Company et al.	Authorized to abandon and remove spur track.	Apr. 11, 1924
13401	9862	Pacific Electric Railway Company.	Authorized to abandon and remove its Naples Spur-Newport Beach line.	Apr. 11, 1924
13402	9312	Olai Power Company.	Supplemental order modifying Decision No. 12535—re proceeds from sale of stock.	Apr. 11, 1924
13403	9810	Pickwick Stages, Inc.	Supplemental order modifying Decision No. 13314.	Apr. 11, 1924
13404	9906	Capital-Sacramento Transfer Van and Storage Company.	Authorized to execute deed of trust, a mortgage and issue two notes.	Apr. 11, 1924
13413	9938	Spring Valley Water Company.	Authorized to grant right of way to Pacific Telephone and Telegraph Company.	Apr. 11, 1924
13414	9639	Bear Valley Utility Company.	Supplemental order granting certificate of public convenience and necessity to operate water system—San Bernardino County.	Apr. 15, 1924
13415	C1698	Railroad Commission, Investigation of.	Extension of time to comply with requirements of Chapter 499-600—J. G. Peters.	Apr. 15, 1924
13421	9960	Merrick Munger (Mark West Springs).	Authorized to purchase The Williams Water and Electric Company.	Apr. 15, 1924
13422	9007	The Archison, Topeka and Santa Fe Railway Company.	Supplemental order revoking and annulling certificate.	Apr. 15, 1924
13423	9269	Pacific Electric Railway Company.	Supplemental order amending Decision No. 12954—re grade crossing.	Apr. 15, 1924
13442	9633	Pacific Electric Railway Company.	Authorized to abandon and remove tracks on East Washington Street Line.	Apr. 21, 1924

TABLE E—MISCELLANEOUS AND SUPPLEMENTAL ORDERS—Continued.

Dec. No.	App. No.	Applicant	Nature of Proceeding	Date
13447	9593	The Ratterree Brothers Company	Supplemental order granting certificate to operate water system in San Mateo County	Apr. 21, 1924
13449	1459	City of Kingsburg	Order revoking prior order and dismissing application—re grade crossing	Apr. 21, 1924
13450	7901	Board of Supervisors of the County of Merced	Order revoking prior order and dismissing application—re grade crossing	Apr. 21, 1924
13451	8176	Sacramento, County of	Order revoking prior order and dismissing application re grade crossing	Apr. 21, 1924
13456	9818	A. P. and E. Rosalie Baldwin	Authorized to transfer water plant (Moneta-Tract Water Company) to J. C. and Ella Calhoun	Apr. 21, 1924
13457	9838	C. W. Ronch and Olive Ayres Jacobs	Authorized to construct and operate water system in territory known as "29 Palms," San Bernardino County	Apr. 23, 1924
13459	9843	Ocean View Land and Water Company	Authorized to transfer system to the City of Upland	Apr. 23, 1924
13464	9830	The Atchison, Topeka and Santa Fe Railway Company	Authorized to acquire capital stock of California Southern Railroad Company	Apr. 23, 1924
13469	9899	Harold R. Morgan (Morgan Water Plant)	Authorized to sell and transfer water system to Anna, J. L. and G. W. Munson	Apr. 23, 1924
13470	9912	John Scarborough	Authorized to abandon public utility water service on La Fresa Home Tract, Los Angeles County	Apr. 24, 1924
13471	9806	California Western Railroad and Navigation Company	Authorized to exchange parcel of land with Union Lumber Company	Apr. 24, 1924
13473	9877	Southern Pacific Company and The Atchison, Topeka and Santa Fe Railway Company	Authorizing former to sell and latter to purchase an undivided one-half interest in a branch line of railroad, together with two spurs	Apr. 24, 1924
13474	9880	Pacific Electric Railway Company	Authorized to abandon and remove spurs on track on Sierra Madre Line	Apr. 24, 1924
13479	5207	San Joaquin Light and Power Corporation	Supplemental order amending Decision No. 7057—re issue of stock	Apr. 24, 1924
13480	5587	Pacific Gas and Electric Company (and consolidated proceedings App. No. 3602, Cases Nos. 748, 840, 930, 934, 1203 and 1699)		
13484	C1698	Railroad Commission, Investigation of	Order vacating order denying rehearing—Market Street Railway Company	Apr. 24, 1924
13485	9655 9656 9657	Arrowhead Utility Company and Harry Lee Martin Arrowhead Utility Company and Arrowhead Mutual Service Company Arrowhead Utility Company and Arrowhead Lake Company	Extension of time to comply with requirements of Chapter 499-600—San Francisco Oakland Terminal Railways	Apr. 25, 1924
13486	7284	The Hanford Water Company	Supplemental order authorizing the exercise of rights and privileges conferred by Ordinance No. 223 of the County of San Bernardino	Apr. 26, 1924
13493	9425	T. J. Cronin and William Watt	Supplemental order modifying Decision No. 9641—re use of proceeds received through issue of notes	Apr. 26, 1924
13494	C1698	Railroad Commission, Investigation of	Second supplemental order extending time to start operations of a freight-car-rail line	Apr. 30, 1924
13496	C1952	B. P. McConnaha vs. G. F. Willhite	Extension of time so as to comply with requirements of Chapter 499-600—Alex Brown Electric Plant	Apr. 30, 1924
13498	9769	Lookout Mountain Park Land and Water Company	Petition for rehearing denied	Apr. 30, 1924
13503	9842	Southern California Edison Company	Authorized to transfer public utility property to Ted W. Haas, Wesley J. Hommel and M. C. Smith	May 1, 1924
13506	9818	Pacific Gas and Electric Company	Supplemental order amending Decision No. 13395—re stock issue	May 1, 1924
13512	C1698	Railroad Commission, Investigation of	Authorized to abandon gas manufacturing plant in City of Santa Rosa	May 2, 1924
			Extension of time to comply with requirements of Chapter 499-600—Middle Yuba Hydro-Electric Power Company	May 2, 1924

TABLE E—MISCELLANEOUS AND SUPPLEMENTAL ORDERS—Concluded.

Dec. No.	App. No.	Applicant	Nature of Proceeding	Date
13513	C1698	Railroad Commission, Investigation of	Extension of time in which to comply with requirements of Chapter 490-600—Quincy Electric Light and Power Company	May 2, 1924
13519	9973	Pacific Electric Railway Company	Authorized to relocate tracks across Ninth Street and San Pedro Street, City of Los Angeles	May 5, 1924
13523	10009	Klamath Telephone and Telegraph Company	Authorized to sell telephone property to Fred Frain et al.	May 5, 1924
13529	8842	Nevada-California-Oregon Railway	Supplemental order amending previous decision re certificate auto service	May 7, 1924
13530	9398	Haines Canyon Water Company	Supplemental order authorizing maintenance of Wharf No. 3	May 7, 1924
13531	9188	Pacific Electric Railway Company	Supplemental order correcting error in Decision No. 13499	May 8, 1924
13538	9908	M. F. Smith	Supplemental order revoking certificate granted in Decision No. 10708	May 9, 1924
13542	7852	Claude E. Riley	Supplemental order extending time of Decision No. 13454	May 15, 1924
13548	8454	Motor Transit Company		
13549	8525	Packard Stage Line		
13549	C1598	M. Peña et al. vs. Owen E. Wyatt, Ryal Carnell, Jesse Blin (The Southland Home Water Company)	Complaint ordered dismissed	May 16, 1924
13550	9369	Pacific Gas and Electric Company	Approving agreement with Calaveras Copper Company	May 16, 1924
13551	10027	Southern Pacific Company	Authorizing abandonment and removal of spur track in Alameda County	May 16, 1924
13553	10039	Key System Transit Company	Authorizing abandonment of spur tracks in Alameda County	May 16, 1924
13557	3056	Mt. Whitney Power and Electric Company	Supplemental order correcting error in Decision No. 13409	May 16, 1924
13557	7762	San Joaquin Light and Power Corporation and Southern California Edison Company		
13557	8578	Southern California Edison Company and Southern California Edison Company		
13558	6044	Joaquin Light and Power Corporation		
13560	9202	Mt. Shasta Power Corporation and Pacific Gas and Electric Company		
13577	8520	Conservative Water Company		
13577	8520	Central Mendocino County Power Company		
13578	8763	Ernest W. Schuler	Supplemental order authorizing construction of grade crossing	May 16, 1924
13582	10018	Rio Vista Telephone and Telegraph Company	Supplemental order modifying Decision No. 12376—re bond issue	May 16, 1924
13583	10053	East Bay Water Company	Supplemental order as per Decision No. 11342, authorizing exercise of rights and privileges granted by certain ordinances	May 17, 1924
13584	10074	John Healey, M. J. Moore and R. B. McNair (Healey, Moore and McNair)	Supplemental order revoking and annulling certificate granted in Decision No. 12219	May 17, 1924
13585	5316	F. Crews and F. Mores	Authorizing installation of public telephone stations	May 21, 1924
13595	9883	South Los Angeles Land and Water Company	Authorizing sale of certain real property	May 21, 1924
13613	10084	Pacific Electric Railway Company	Authorizing lease of certain property from East Bay Water Company	May 21, 1924
13618	9645	Pacific Electric Railway Company	Supplemental order modifying Decision No. 13481—re bond issue	May 21, 1924
13619	9367	Hugh Goodfellow, Warren Olney, and W. I. Brobeck, and Key System Transit Company et al.	Supplemental order amending Decision No. 13073—grade crossing	May 28, 1924
13620	9367	Hugh Goodfellow, Warren Olney, and W. I. Brobeck, as trustees, and Key System Transit Company et al.	Fourth Supplemental order amending Decision No. 12931	May 28, 1924
13622	C1915	Richfield Oil Company vs. Sunset Railway Company	Fifth supplemental order modifying Decision No. 12931	May 28, 1924
			Petition for rehearing denied	May 28, 1924

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